Municipal Affairs

Annual Report
2014-2015

Alberta
Government

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Management Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 19 ministries.

The annual report of the Government of Alberta contains the consolidated financial statements of the Province and *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

On September 15, 2014, new ministry structures were announced. At this time, the Housing Division and the Alberta Social Housing Corporation were transferred from the Ministry of Municipal Affairs to the Ministry of Seniors. The 2014-15 ministry annual reports and financial statements have been prepared based on that ministry structure.

This annual report of the Ministry of Municipal Affairs contains the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- **the financial statements of entities making up the ministry including the Department of Municipal Affairs and provincial agencies for which the minister is responsible;**
- **other financial information as required by the *Financial Administration Act* and *Fiscal Management Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and**
- **financial information relating to trust funds.**

Message from the Minister

Working with our municipal partners, Municipal Affairs is responsible for providing an over-arching legislative framework, support and guidance to local government, including property assessment and taxation administration, as well as investing in municipal infrastructure and public library services. The ministry also strengthens public safety through emergency response and management, fire safety initiatives, safety codes and home warranty protection.

One of the strengths of our province is the dynamic collection of communities we call home. Each contributes in its own way to our diversified economy and quality of life.

I look forward to working together with my colleagues, ministry staff and many partners, to provide strategic leadership and support the vibrant communities that make up Alberta.

[Original signed by Deron Bilous]

Honourable Deron Bilous

Minister of Municipal Affairs

Management's Responsibility for Reporting

The Ministry of Municipal Affairs includes the Department of Municipal Affairs and the Safety Codes Council. The ministry also includes the Special Areas Board and seven improvement districts, which are accountable to the minister.

The Department of Municipal Affairs consists of the Municipal Assessment and Grants Division, the Municipal Services and Legislation Division, the Public Safety Division, the Alberta Emergency Management Agency, the Corporate Strategic Services Division, the Municipal Government Board, and the New Home Buyer Protection Board.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Municipal Affairs. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- **Reliability** – information agrees with underlying data and the sources used to prepare it.
- **Understandability and Comparability** – current results are presented clearly in accordance with the stated methodology and are comparable with previous results.
- **Completeness** – performance measures and targets match those included in Budget 2014.

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As Deputy Minister, in addition to program responsibilities, I am responsible for the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board, the Minister of Finance and the Minister of Municipal Affairs information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Management Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

[Original signed by Brad Pickering]

Brad Pickering
Deputy Minister of Municipal Affairs
June 12, 2015

RESULTS ANALYSIS

Ministry Overview

The Ministry of Municipal Affairs

The Ministry of Municipal Affairs invests in families and communities through its programs and activities in support of collaborative and accountable local government, public safety, and public libraries to help Alberta reach its full potential.

The ministry consists of the Department of Municipal Affairs and the Safety Codes Council. The ministry also includes the Special Areas Board and seven improvement districts, which are accountable to the minister.

The Department of Municipal Affairs consists of the Municipal Assessment and Grants Division, the Municipal Services and Legislation Division, the Public Safety Division, the Alberta Emergency Management Agency, the Corporate Strategic Services Division, the Municipal Government Board, and the New Home Buyer Protection Board.

The Department of Municipal Affairs

Municipal Assessment and Grants Division

This division administers several provincial and federal grant programs, including the Municipal Sustainability Initiative, of which municipalities are recipients.

The Municipal Assessment and Grants Division also oversees policy and procedures for property assessment, reviews and audits municipal property assessments, and determines each municipality's share of the provincial education property tax. The division also assesses linear property, such as oil and gas wells, pipelines, electric power systems and telecommunication systems for municipalities.

Municipal Services and Legislation Division

This division leads a number of strategic initiatives, including the *Municipal Government Act (MGA)* Review, the development of City Charters, and the Municipal Sustainability Strategy, and provides support for the planning and operational activities of the Capital Region Board and the Calgary Regional Partnership.

The Municipal Services and Legislation Division also provides advisory services, training, internship programs, land-use planning assistance, long-term recovery after a major disaster, and other forms of support to help municipalities build capacity and strengthen long-term viability, and is a source of information on municipal election matters. The division fosters collaborative initiatives among municipalities through dispute resolution training and assistance, support for regional services commissions, and support for regional planning activities.

Housing Division

On September 15, 2014, new ministry structures were announced. At this time, the Housing Division and the Alberta Social Housing Corporation were transferred from the Ministry of Municipal Affairs to the Ministry of Seniors. The 2014-15 ministry annual reports and financial statements have been prepared based on that ministry structure.

Public Safety Division

The Public Safety Division administers a framework of safety codes and standards, supports Alberta's fire services, oversees a mandatory new home warranty framework, and provides support and advice to municipalities.

The division administers the *Safety Codes Act*, which establishes codes, standards and administrative processes in 10 disciplines: building, fire, plumbing, gas, electrical, elevators, amusement rides, passenger ropeways (i.e., ski lifts), pressure equipment, and private sewage disposal systems.

The division provides support and advice to fire departments and municipalities on matters related to fire service, and works with government departments, municipalities, First Nations and other stakeholders to promote fire and injury prevention and support effective community risk management. The division also supports the search and rescue sector of the public safety system by offering grants and training support.

The New Home Buyer Protection Office is responsible for overseeing and enforcing the *New Home Buyer Protection Act*, which establishes regulatory requirements for mandatory new home warranty.

The division also provides technical advice and program support to municipalities, industry and the public. It works with the Safety Codes Council to assist and monitor municipalities, corporations, and three delegated administrative organizations that have been accredited to administer safety codes and standards. As well, the division oversees the agencies that deliver permit and inspection services in municipalities that are not accredited to deliver these services.

Alberta Emergency Management Agency

The Alberta Emergency Management Agency (AEMA) co-ordinates with emergency management partners to provide a provincewide public safety system that protects Albertans, their property, and the environment, against all hazards. This includes the co-ordination of emergency or disaster response and recovery activities, as well as providing direct assistance to local authorities where required. The AEMA provides strategic policy direction and leadership through the co-ordination of emergency management programs that include aspects of mitigation, prevention, preparation, response, and recovery.

The AEMA supports the continuous improvement of Alberta's public safety system and assists with the development of sustainable emergency management capabilities, emergency social services, emergency 911 support to Public Safety Answering Points and amateur radio operators in Alberta's communities, industries, and government. The AEMA collaborates with provincial, territorial, federal and international stakeholders to promote a comprehensive approach to emergency management that enhances the safety of all Albertans.

The AEMA actively participates in national and international public safety forums to contribute to the advancement and implementation of emergency management doctrine, policies and strategies that improve the ministry's and its partners' capabilities. This includes participation in the Canadian Council of Emergency Management Organizations (provinces and territories) and working with the senior officials responsible for emergency management (provinces, territories and federal government). The AEMA also maintains close operational liaison with our neighbours, including the State of Montana and has established a national mutual aid agreement with all other provinces and territories that increases the capacity and resiliency of all partners.

Corporate Strategic Services Division

The Corporate Strategic Services Division enables the achievement of the ministry's outcomes through strong financial services, information management, legislative and administrative services, strategic business planning and policy, and information technology.

The division also includes the Public Library Services Branch, which provides leadership in provincial public library policy development, supports the provincewide public library network in its provision of library services, and provides operating funding to municipal and regional library system boards to help them capitalize on the use of technology and share library resources across the province.

Municipal Government Board

The Municipal Government Board conducts independent, quasijudicial adjudication functions required by the *MGA* with respect to assessment appeals of linear properties (e.g., pipelines, oil and gas wells, and power generation plants), equalized assessment appeals, subdivision appeals, annexation recommendations, intermunicipal disputes, disaster recovery program appeals, and other matters referred to the board by the Minister of Municipal Affairs or Lieutenant Governor in Council. The Municipal Government Board also provides a member to municipal Composite Assessment Review Boards to adjudicate property assessment complaints.

New Home Buyer Protection Board

The New Home Buyer Protection Board hears appeals of decisions issued by the New Home Buyer Protection Office regarding the following: owner-builder authorizations, hardship exemptions, status determinations, compliance orders, and administrative penalties.

Other Entities

The Safety Codes Council

The Safety Codes Council is a corporation established under the *Safety Codes Act*. Its responsibilities include assisting government in the formulation of Alberta's safety codes and standards and advising the Minister on related matters; training and certifying safety codes officers; accrediting municipalities and corporations to administer the Act; and accrediting agencies that provide services to accredited entities. The council also administers an appeals process for decisions made under the *Safety Codes Act*.

Special Areas Board

The Special Areas Board is appointed by the Lieutenant Governor in Council and is responsible for the management and administration of 2.6 million acres of public land located in southeastern Alberta and municipal services to the residents of these areas.

Improvement Districts

Municipal Affairs provides limited municipal services in seven improvement districts, including Waterton Lakes National Park, Banff National Park, Jasper National Park, Elk Island National Park, Wood Buffalo National Park, Willmore Wilderness Park, and Improvement District No. 349 (located in northeastern Alberta). The Government of Alberta, through Municipal Affairs, is responsible for all functions of local government in these improvement districts, including the levy and collection of taxes.

Support Services

Support Services include Legal Services, Human Resource Services, and Communications.

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

I reviewed 1 of 7 performance measures in the Ministry of Municipal Affairs' Annual Report 2014–2015. The reviewed performance measure is the responsibility of the ministry and is prepared based on the following criteria:

- *Reliability*—The information used in applying performance measure methodology agrees with underlying source data for the current and prior years' results.
- *Understandability*—The performance measure methodology and results are presented clearly.
- *Comparability*—The methodology for performance measure preparation is applied consistently for the current and prior years' results.
- *Completeness*—The goal, performance measure and related target match those included in the ministry's budget 2014.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the ministry.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measure. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measure in demonstrating ministry progress towards the related goal.

Based on my review, nothing has come to my attention that causes me to believe that the performance measure identified as reviewed by the Office of the Auditor General in the ministry's annual report 2014–2015 is not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

April 17, 2015

Edmonton, Alberta

Performance measure reviewed by the Office of the Auditor General is marked with an asterisk (*) on the Performance Measures Summary Table.

2014-15 Performance Measures Summary Table

Goals and Performance Measures	Prior Years' Results				Target	Current Actual
Goal 1: *Albertans live in viable municipalities and communities with collaborative and accountable local governments*						
Measure 1.a: Average number of public library resources borrowed by Albertans	10.5 *2010-11*	11.3 *2011-12*	12.0 *2012-13*	12.2 *2013-14*	12.6 *2014-15*	11.0 *2014-15*
Measure 1.b: Percentage of municipalities meeting the ministry's criteria of financial accountability as established in the *Municipal Government Act*	98% *2010-11*	98% *2011-12*	98% *2012-13*	99% *2013-14*	98% *2014-15*	99% *2014-15*
***Measure 1.c:** Percentage of municipal assessment rolls that meet provincial standards for procedures, uniformity and equity	99% *2010-11*	99% *2011-12*	98% *2012-13*	100% *2013-14*	98% *2014-15*	100% *2014-15*
Goal 2: *Fair, timely, and well-reasoned decisions are provided on matters before the Municipal Government Board*						
Measure 2.a: Percentage of parties to Municipal Government Board appeals who are satisfied or neutral regarding the Board's performance of services in support of planning, annexation, linear and equalized assessment appeals	86% *2010-11*	88% *2011-12*	84% *2012-13*	91% *2013-14*	80% *2014-15*	88% *2014-15*
Goal 3: *Albertans most in need have access to housing options*						
NOTE: On September 15, 2014, new ministry structures were announced. At this time, the Housing Division and the Alberta Social Housing Corporation were transferred from the Ministry of Municipal Affairs to the Ministry of Seniors. The 2014-15 ministry annual reports and financial statements have been prepared based on that ministry structure.						
Goal 4: *Albertans are safe in the places they live, work and play*						
Measure 4.a: Fire deaths per 100,000 population (10-year moving average)	0.81° *2010-11*	0.76° *2011-12*	0.74° *2012-13*	0.72° *2013-14*	(less than or equal to the 2013-14 actual)	0.72 *2014-15*
° NOTE: Due to additional information being received from the Office of the Chief Medical Examiner and an internal review of total fire deaths, a number of years in this measure were revised.						
Goal 5: *Alberta is better prepared for disasters and emergency events*						
Measure 5.a: Percentage of claims where a member of the damage assessment team arrives on-site within 30 days of a claim being received	100% *2010-11*	100% *2011-12*	100% *2012-13*	95% *2013-14*	100% *2014-15*	66% *2014-15*
Measure 5.b: Level of preparedness as measured by the percentage of municipalities that have conducted an emergency management exercise in the last four years	81% *2010-11*	85% *2011-12*	81% *2012-13*	84% *2013-14*	90% *2014-15*	82% *2014-15*

* Indicates a Performance Measure that has been reviewed by the Office of the Auditor General. The performance measure indicated with an asterisk was selected for review by ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal,
- Measures for which new data is available, and
- Measures that have well established methodology.

For more detailed information see methodology in the 2014-15 Performance Measures Data Sources and Methodology section of the annual report (on pages 11-15).

2014-15 Performance Measures Data Sources and Methodology

Goal 1: Albertans live in viable municipalities and communities with collaborative and accountable local governments

1.a Average number of public library resources borrowed by Albertans

Data Source: Data is gathered by the Public Libraries Services Branch (PLSB) of Municipal Affairs annually. Along with a suite of other statistical information submitted, the data is reported by each public library board in Alberta in their annual report to the PLSB, which collates and stores the data at its offices in Edmonton for seven years. The raw data is collated, compiled and analyzed annually by staff of the PLSB and used for a variety of strategic managerial, operational and business planning purposes. A roll-up statistical report is made available annually to the general public at the PLSB website, **www.albertalibraries.ca**.

Publication of the data on the website and in hard-copy form certifies that PLSB management and executive management of Municipal Affairs are satisfied with the qualitative nature of the data and the processes and procedures followed to produce the reported data.

The data used to calculate this measure is reported based on a calendar year, which is the fiscal year for most public library boards. Therefore, the results reported in this measure are from two calendar years prior to the fiscal year in which they are reported (e.g., for the 2014-15 annual report, Municipal Affairs reports results generated during the 2012 public library calendar year, data that only becomes available for collation and analysis during the 2013-14 Government of Alberta (GoA) fiscal year, and subsequently, is reported in the 2014-15 Municipal Affairs annual report).

Methodology: Each public library board reports its annual cumulative total of circulated or otherwise accessed library resources. Most libraries use electronic technologies to track and verify circulation counts, although a small number of very small rural libraries continue to perform manual calculations. Circulation is defined as a count of all public library resources that are recorded as having been used within the library, taken out of the library, and/or accessed remotely through library-based electronic media.

A provincial total is calculated from the totals reported by all public library service points operated by municipal library boards and regional library system boards. In 2012, 317 public library service points operated by 224 municipal library boards and seven regional library system boards reported data. This number is then divided by the official population of Alberta, as determined and reported by Municipal Affairs using actual numbers in census years or official GoA estimates in other years.

Note: A very small percentage – less than 0.5% of Albertans – do not have access to public library services in their community or region. This number is subtracted from Alberta population totals prior to performing the calculation to ensure that the ratio reported in the performance measure is as accurate as possible. Specifically, this <0.5% represents the portion of Albertans who do not have direct access to the Internet or a library in their municipality, throughout the entire province of Alberta.

The formula is as follows:

$$\frac{\text{Total public library circulation}}{\text{Population served by public libraries}} = \text{Average number of public library resources borrowed by Albertans}$$

Staff of the Public Library Services Branch compile, collate, analyze and report the data according to generally accepted accounting processes and procedures used within the ministry of Municipal Affairs and throughout the GoA. These processes and procedures have been consistent since data collection for this measure began in 2007.

1.b *Percentage of municipalities meeting the ministry's criteria of financial accountability as established in the Municipal Government Act*

Data Source: The data used to calculate this measure comes primarily from the annual audited financial statements and the financial information returns that municipalities must submit to the Minister by May 1 each year for the immediately preceding year, pursuant to the *Municipal Government Act (MGA)*.

Financial data is stored in the Municipal Financial Information System.

The Municipal Services and Legislation Division prepares the data, completes the required calculations, and supplies the supplementary information used for this measure. The information is collected for administrative purposes, as well as for tabulating the measure.

The data used to calculate this measure is reported based on the calendar year, which is the fiscal year for municipalities. Consequently, due to availability, data sets used are from the calendar year prior to the fiscal year in which they are reported (e.g., for 2014-15 annual reporting, Municipal Affairs reports municipal results from the 2013 calendar year).

Methodology: The required data is extracted from the Municipal Financial Information System into a Microsoft Excel spreadsheet.

Section 252 of the *Municipal Government Act* deals with debt limits for municipalities. Section 278 deals with the submission of financial information returns, financial statements, and auditor's reports on financial reports. Section 282 deals with Minister-appointed auditors.

Point scores are calculated using Microsoft Excel formulas where possible. Points for Section 282 of the *MGA* must be entered manually, as would supplementary information regarding Section 252 (debt limit extensions).

The measure is calculated based on a demerit point system weighting the criteria as set out in sections 252, 278 and 282 of the *MGA*. Municipalities meeting or exceeding 100 points are considered to be outside of the criteria for achieving financial accountability. Scores of 100 points or more are considered a solid indicator of an accountability problem and, if continued, would likely indicate a loss of financial accountability.

Section 244 is no longer incorporated into the measure given the accounting changes implemented in 2009 for the annual audited financial statements. Public sector accounting standards now require municipal financial statements to use the net assets (debt) presentation model. Fund accounting is no longer used for reporting purposes, and financial reporting is now expense-based rather than expenditure-based. Tangible capital assets are now recorded and amortization is included as an expense.

The *MGA* will be updated in the future to more accurately reflect the new presentation. The Municipal Finance Clarification Regulation was enacted as a transitional measure, and Section 4 of the regulation provides a more appropriate measure of "deficiency" in the new environment.

1.c Percentage of municipal assessment rolls that meet provincial standards for procedures, uniformity and equity

Data Source: By no later than February 28, all municipalities are required by the Alberta Assessment Quality Minister's Guidelines to submit property assessment and sales data. Municipalities upload their data directly into the province's web-based application, Assessment Shared Services Environment (ASSET), through their Computer Assisted Mass Appraisal systems. Examples of the type of information submitted include the properties' assessed value, the sale price of properties sold, property legal descriptions, and property characteristics.

The calculation of median assessment ratios and assessment levels are part of stage one of the annual audit. The annual audit program is an important tool in measuring mass appraisal performance. Through assessment to sales ratio studies, the Assessment Audit Unit compares municipal assessments to market value indicators and verifies whether municipal assessments meet regulated quality standards. The fiscal year for municipalities is the calendar year, subsequently, the assessment audit cycle data upon which the 2014-15 measure is based reflects values and inventory from the 2013 assessment year.

Methodology: Under the Matters Relating to Assessment and Taxation Regulation, the quality standard states the acceptable range for median assessment ratios is between 0.95 and 1.05. This means that property assessments, on average, should be fairly close to the market value as indicated by sales within the municipality.

The ASSET system calculates ratios of assessment to market value (determined by dividing the assessment by the sale price or indicator of market value) for sold properties.

The median assessment to sales ratio is then calculated for each value by the property type (single family dwelling, residential condominiums, improved industrial, etc.). Each median is then weighted by its respective total assessed value for that strata and a weighted median is calculated for each of the two assessment classes (residential and non-residential). The percentage of municipalities whose assessment levels fall within the acceptable range of 0.95 and 1.05 for each class is determined. The performance measure is the average of these two percentages.

Goal 2: Fair, timely, and well-reasoned decisions are provided on matters before the Municipal Government Board

2.a Percentage of parties to Municipal Government Board appeals who are satisfied or neutral regarding the Board's performance of services in support of planning, annexation, linear and equalized assessment appeals

Data Source: A client satisfaction survey of hearing participants is conducted in May and June by Resinnova Research Inc. Hearing participant information is obtained from the Municipal Government Board (MGB) Case Inc. database and from sign-in sheets collected at the hearings.

Methodology: Hearing participant contact information is gathered by MGB staff and forwarded to Resinnova. The scale used is a five-point, anchored satisfaction scale that asks respondents to respond with the following: strongly agree, somewhat agree, neither agree nor disagree, somewhat disagree, or strongly disagree.

Information is gathered from the MGB databases for the purpose of identifying all participants who attended MGB hearings. Simple queries

are performed to compile a list of all appellants, respondents, and interveners in attendance at hearings. Lists of attendees at annexation and subdivision hearings are compiled separately and their email addresses or phone numbers are forwarded to Resinnova as well.

The MGB requires Resinnova to contact and survey all hearing attendees in order to get the highest possible response rate. To achieve this high standard, online and telephone surveys are conducted by an independent consultant.

Goal 3: Albertans most in need have access to housing options

On September 15, 2014, new ministry structures were announced. At this time, the Housing Division and the Alberta Social Housing Corporation were transferred from the Ministry of Municipal Affairs to the Ministry of Seniors. The 2014-15 ministry annual reports and financial statements have been prepared based on that ministry structure.

Goal 4: Albertans are safe in the places they live, work and play

4.a Fire deaths per 100,000 population (10-year moving average)

Data Source: The Office of the Chief Medical Examiner is the authority on cause of death in the province. When possible, data from this office is used as the actual fire fatality number. If the data is unavailable, information from the Fire Electronic Reporting System is substituted until the Office of the Chief Medical Examiner data is obtained.

The primary data source is from fire investigation reports submitted to the ministry by safety codes officers. These reports are required under Section 9 of the Administrative Items Regulation AR 16/2004 under the *Safety Codes Act*. Safety codes officers who investigate the causes and circumstances of a fire must immediately notify the Fire Commissioner if the fire has resulted in loss of life. Additional data sources of information on fire deaths come from insurance companies and adjusters, as well as police departments.

The total number of fire deaths is revised as information is received. Alberta population data is obtained from the Alberta Municipal Affairs website.

Methodology: The Fire Statistics Reporting Manual and fire incident reporting forms are posted on the Office of the Fire Commissioner's website in order to enable reporting agencies convenient online access to fire reporting.

The data on fire deaths is collected in either hard copy or electronically through the Fire Electronic Reporting System. Data from the hard copies is validated and entered into the system. The fire death figures are extracted using a built-in report function, and then manually entered into a Microsoft Excel spreadsheet. Alberta population figures are then entered into the spreadsheet to calculate the fire death rates, which are plotted in a chart as 10-year moving averages. The data and the measure relate to a calendar year, which is consistent with reports produced by Statistics Canada and other jurisdictions, enabling comparisons.

The total number of fire deaths is revised as information is received from the Office of the Chief Medical Examiner.

The formula for the fire death rate for each year is as follows:

$$\left(\frac{\text{Revised number of fire deaths per year}}{\text{Population}} \right) \times 100{,}000$$

The fire death rate for the current year and each of the preceding nine years are averaged to produce the 10-year moving average statistic.

Goal 5: Alberta is better prepared for disasters and emergency events

5.a Percentage of claims where a member of the damage assessment team arrives on-site within 30 days of a claim being received

Data Source: Separate files are maintained for each application within each disaster recovery program. Information contained in these files is entered into a workflow tracking program. The program tracks all applications received, as well as activities related to the processing of each application made under a Disaster Recovery Program (DRP).

Methodology: All applications are collected in a workflow tracking program called I-Sight. The program records all dates pertinent to the administration of any DRP and can be queried at any time. A query is done on the program to identify all applications received within the measurement period and their corresponding evaluation date. The measurement period is the fiscal program year from April 1, 2014 to March 31, 2015.

The program is used to identify the number of disaster recovery applications and the number of those applications where the evaluator arrived on-site within 30 days of receipt of the application.

The performance measure is calculated as a simple percentage: the number of applications that satisfy the 30-day criterion divided by the total number of applications.

Receipt of application is the day the application is stamped as received at the program office. The damage evaluation process involves on-site inspection, real-time damage assessment, and policy and payment verification. Where there is an issue of eligibility, requiring additional investigation and supporting documentation, the date upon which the applicant is contacted and the request is made for additional documentation, is the date used to measure the length of time it takes for an evaluation to be made. Eligible applications are those that fall within the parameters of the program approval document authorized by the Minister. For example, an application for a property that is outside the approved program boundaries would be deemed ineligible.

5.b Level of preparedness as measured by the percentage of municipalities that have conducted an emergency management exercise in the last four years

Data Source: An Alberta Emergency Management Agency database records the number of municipalities that have exercised their emergency management plan within the past four fiscal years – either through a co-ordinated exercise or an actual event. The data source is comprised of information submitted into the database by the field officers of the Alberta Emergency Management Agency.

The database is in Microsoft Access, and internally managed to allow for continuous improvement of tracking and security of information. Reports are generated from this database to identify the municipalities that have exercised their plans during the fiscal four-year period.

Population data for calculating percentages of population exercised is extracted from the annual Municipal Affairs Population List, available on the Municipal Affairs website.

Methodology: A schedule is established that outlines how all municipalities will hold an emergency management exercise at least once every four fiscal years. All real events where the municipal emergency plan was activated are included, when and as they happen, replacing the scheduled exercise in the calculation. All field officers compile and submit quarterly reports to the manager of field operations and update the Field Operations Activity Database at the same time. The Manager of Field Operations pulls a four-year cumulative report for the current exercise window. This information is used to verify the required exercises or events for the municipality. If an exercise is a repeat, it is not included in the measure. The percentage is calculated by summing all qualified exercises or events for the municipality and dividing it by the total number of municipalities.

Discussion and Analysis of Results

Goal 1: Albertans live in viable municipalities and communities with collaborative and accountable local governments

Priority Initiative 1.1: *Support the long-term recovery of municipalities impacted by the 2013 Alberta floods by helping them build capacity and access resources to undertake locally led recovery efforts and return to normal operations.*

Significant progress has been made in supporting the recovery of municipalities impacted by the unprecedented floods of June 2013. The ministry continued to dedicate resources to working closely with communities as the focus turned to helping municipalities position themselves for a successful long-term recovery.

At the onset of a disaster, the Province directs its response activities to assisting communities with immediate needs related to public health and safety, and the stabilization of critical infrastructure and the environment. As the situation evolves, the focus shifts to meeting needs associated with recovery over the long-term. In the aftermath of disasters, municipalities may be overwhelmed by the heavy demands placed on their municipal governance, administration, planning, assessment and finance areas, as well as their available revenue streams.

The Southern Alberta Flood Response Program was established to ensure municipalities impacted by the June 2013 floods have the support and resources they need to undertake recovery efforts. All municipalities that were directly impacted by the floods, as well as the Townsite of Redwood Meadows Administration Society, were eligible to apply for funding assistance for additional staff during the recovery process and property tax revenue stabilization.

Southern Alberta Flood Response Program

The Southern Alberta Flood Response Program is composed of two main components, Municipal Staffing Capacity funding and Property Tax Relief funding.

Municipal Staffing Capacity Funding

Municipal Staffing Capacity funding under the Southern Alberta Flood Response Program was available to assist Southern Alberta municipalities with reasonable, incremental staffing costs relating to flood recovery initiatives. The municipal staffing capacity component of the Southern Alberta Flood Response Program supported 18 applications from ten municipalities in 2014-15, totalling $6.4 million.

Examples of projects funded under this component include:

- The City of Calgary's in-depth review of its flood recovery work.
- Rocky View County's preliminary engineering for potential flood mitigation in the Hamlet of Bragg Creek.
- The Town of Turner Valley's hiring of a Director of Engineering, Finance Clerk, Community Services Coordinator and other contracted services to aid in flood recovery. This funding ensures existing municipal staff can continue to provide service to the town during flood recovery.

Property Tax Relief Funding

Property Tax Relief funding is provided to municipalities under the Southern Alberta Flood Response Program to offset lost revenues resulting from municipal property tax forgiveness for residential and commercial properties affected by the flood. The revenue stabilization component of the program received 14 applications for 2014-15, with seven projects granted approval, totalling $3.7 million.

Flood Recovery Task Force

In September 2014, the Flood Recovery Task Force relinquished its role as the provincial lead for flood recovery support, after municipal administrators confirmed that co-ordinated assistance from the task force was no longer required. The responsibilities of the task force were handed over to the individual government departments, and 35 of 36 flood-affected communities have returned to normal levels of provincial support. This transfer of the task force's function back to existing areas of responsibility represented a return to normal operational structures within the Government of Alberta (GoA), and reflected the transition toward long-term recovery based on the substantial progress made by municipalities impacted by the 2013 floods. The Province has maintained contact with many of these communities to ensure they receive co-ordinated access to government assistance as required.

Town of High River Long-term Recovery

The Town of High River continues to face significant challenges as the community hardest hit by the June 2013 floods in terms of the magnitude of damage, the level of provincial help required, and the possible impact on long-term sustainability. In recognition of the town's unique challenges, the government partnered with High River to jointly develop a long-term recovery plan. The Town of High River Long-Term Recovery Plan was announced in August 2014, and sets out a multi-year partnership between the town and the Province – with an overall intention to return the town to a state where it can function normally, with routine levels of provincial support, and sustain itself into the future. The plan outlines the roles, responsibilities, accountabilities and interests of the partnership until September 2018, by which time both parties agree that recovery should be reasonably complete. The recovery plan also articulates the forms of provincial support (financial and non-financial) available to High River as the town rebuilds, and acknowledges the need for long-term recovery initiatives to be locally driven. The ministry has provided staffing resources to support High River's locally led efforts. The town has direct responsibility for planning and implementing its recovery projects, and an on-the-ground team of ministry staff are stationed in High River to offer a single point of access to provincial programs and services that can help with municipal recovery efforts. This team has been active in providing advice and cross-ministry co-ordination on matters related to the flooding.

Building on the flood recovery funding the Province had previously allocated for High River, the long-term recovery plan includes a further funding commitment of up to $46.2 million over three years. In addition, $15 million was provided in 2014-15 to support the rebuilding of critical infrastructure damaged by the flood.

One major challenge for High River was the impact of the flood on the town's property tax assessment base and ability to raise revenue for recovery operations. Recognizing this hardship, the ministry provided $1.6 million in revenue stabilization funding in 2014-15 to help maintain municipal service levels and reduce the additional financial pressures that residents would otherwise face via significant increases in local property taxes. The funding is contingent on the town completing a long-term financial sustainability plan to ensure it can maintain core services and capital infrastructure post-flood and into the future.

Floodway Development Regulation

Following the floods of 2013, the Government of Alberta enacted the *Flood Recovery and Reconstruction Act* in December 2013 to allow for the creation of the new Floodway Development Regulation, in order to restrict future development in floodways. The Act supported the province's efforts to rebuild stronger communities and limit potential property damage and public safety risks posed by future floods.

In 2014, the ministry consulted with stakeholders, and created a working task force of municipal and development industry officials to bring forward input for consideration. The drafting of the supportive regulation began in 2014 with the intent of achieving a balanced approach that recognizes the varying interests of stakeholders. For example, differing opinions were expressed during the consultation on the matter of fully restricting any new structural developments in floodways. While many stakeholders favoured this approach, others were concerned about

property owners who have already purchased sites in floodways with plans to subdivide or build in the future. A cross-ministry working group has been working on regulatory options and policies to address stakeholder issues. The drafting of the regulation is targeted for completion in 2015.

The *Flood Recovery and Reconstruction Act* also allows a municipal authority, or class of municipal authorities, an exemption from some or all of the general provisions of the regulation. The provincial government is working with the Regional Municipality of Wood Buffalo (Fort McMurray) and the Town of Drumheller to identify zones that could be exempted from the Floodway Development Regulation. Both municipalities have significant existing development in a floodway and face constraints that limit the ability for future growth outside of these areas. As part of this process, the two municipalities are preparing mitigation plans to help protect existing development in floodway areas.

Building Capacity for Future Events

In recent years, the Province has been called upon to provide expertise and resources for the short- and long-term recovery of communities after two large-scale, devastating events – the Slave Lake regional wildfires that occurred in May 2011 and the widespread flooding in June 2013. This ministry, and others, mobilized rapidly and responded to the urgent requirements of the affected communities. However, the depth and breadth of these events has brought pressure to bear on the ministry from both monetary and staffing perspectives, and additional personnel and resources were acquired to enable the ministry to carry out this critical support role.

The ministry has been reviewing the lessons learned from these recent experiences, and based on this acquired knowledge, has been exploring fundamental questions as part of its ongoing process for continual improvement. These questions are:

1) What approaches could the GoA use to support the long-term recovery of municipalities in the event of future disasters?
2) Are there opportunities to help municipalities proactively strengthen their own capacity to manage long-term recovery efforts after large-scale events in the future?

Priority Initiative 1.2: *Establish a Premier's Council on a New Provincial-Municipal Partnership.*

While the establishment of the Premier's Council was a priority initiative in the 2013-16 and 2014-17 business plans, external factors led to unforeseen delays and hindered this work. Many of the topics expected to have been considered by the council, such as municipal roles and responsibilities and municipal revenue sources, are being addressed in the review of the *Municipal Government Act* and the ministry's collaboration with the cities of Edmonton and Calgary on City Charters.

Priority Initiative 1.3: *Support transformational change for municipalities by providing a broad suite of options for effective regional collaboration.*

Over the years, many municipalities in Alberta have entered into intermunicipal and regional partnerships to achieve greater efficiency and effectiveness in the planning and delivery of municipal services. Under the *Municipal Government Act,* municipalities are provided with the choice and flexibility to form these alliances.

The ministry continued to support transformational change for municipalities by focusing resources on regional collaboration. The ministry enabled and encouraged collaboration by providing advice and information to municipalities, by making funds available for collaborative activities among municipalities, and by reviewing the legislative framework for regional structures in collaboration with stakeholders.

Regional Services Commissions

A key option for municipalities, and one form of intermunicipal partnership that can be formally established under legislation, is the regional services commission. In 2014-15, the ministry initiated a review of all regional services commissions in Alberta to ensure this option remains effective. At this time, a total of 71 regional services commissions across the province deliver an array of services on behalf of their member municipalities.

As part of the review of regional services commissions, the ministry has been looking for feedback from the commissions about their operational and administrative challenges, as well as any training needs they may have. The plan has been to use this feedback when considering future training sessions for directors and administrators of regional commissions, as well as councillors of member municipalities. Through this review, the ministry has been following up with commissions on their bylaws, provision of services, compliance with statutes, asset ownership, transfers and disposal of assets, and finances. Findings indicate 25 commissions have at least one instance of non-compliance with the *Municipal Government Act* or the regulation that established the commission. The most common instances include the absence of required bylaws, board-appointment bylaws that were not forwarded for ministerial approval, the provision of services that were not identified in the commission's regulation, and the provision of services to customers not authorized in the regulation to receive the services.

If a regional services commission has been found to be in non-compliance with the *Municipal Government Act* or its regulation, ministry staff have worked with the commission's administration and any other affected parties to resolve the issue(s). Resolution can take the form of new bylaws, ministerial approvals to authorize specific activities, and amendments to the commission regulation.

The Alberta Community Partnership Program

Other options for municipalities to enter into effective regional collaboration include the following components, which make up the Alberta Community Partnership program:

- Metropolitan Funding;
- Intermunicipal Collaboration;
- Collaborative Governance Initiative and Intermunicipal Dispute Resolution Initiatives; and
- Strategic Initiatives.

The Municipal Intern and Viability Review Support components are also administered under the Alberta Community Partnership program and detailed overviews are captured under dedicated sections of this report.

Metropolitan Funding

Metropolitan Funding supports municipal activities around governance, planning and implementation projects that are of regional benefit for municipalities with populations greater than 55,000, and for both the Capital Region Board and the Calgary Regional Partnership.

For example, partnerships led by the Capital Region Board and the Calgary Regional Partnership have proved to be valuable for the identification and resolution of growth-related challenges that cross multiple municipal boundaries.

Municipal Affairs continued to provide substantial funding support to these two regional bodies. For 2014-15, the annual allocation for each organization under the Alberta Community Partnership program was increased from $3 million to $3.5 million in support of core operating expenses, special projects and various initiatives in regional service delivery.

Government of Alberta support has allowed for regional achievements in terms of planning collaboratively. For example, the Capital Region Board is currently updating its Capital Region Growth Plan, which sets out a 35-year vision for future growth in the region and addresses matters related to land use, transit, housing, and geographical information systems.

In June 2014, participating members of the Calgary Regional Partnership adopted an amended Calgary Metropolitan Plan. Ministry staff continued to work with the Calgary Regional Partnership and area municipalities to consider options to legislatively recognize the Calgary Metropolitan Plan through regionally appropriate means.

Intermunicipal Collaboration

Funding under the Intermunicipal Collaboration component is available to partnerships led by municipalities with populations of 55,000 or less. In 2014-15, 92 applications were approved in support of regional approaches to municipal service delivery and governance. Municipalities have used this funding to collaborate on projects related to regional land use, governance, emergency services, water, wastewater, solid waste, recreation, and other municipal operations. Benefits of collaborating on projects include pursuing initiatives that would otherwise be unaffordable, achieving economies of scale, or sharing services so that each municipality commits fewer resources on an individual basis, allowing each municipality to then allocate those resources to other priority areas, leading to a better quality of life for local residents.

In 2014-15 a total of 187 Intermunicipal Collaboration applications were received, with funding request totals in excess of program funding. Ninety-five of these applications were not funded. As a result, the ministry has been looking at options to deal with the program's popularity going forward.

The Collaborative Governance Initiative, and the Intermunicipal Dispute Resolution Initiative

Municipalities looking to strengthen their working relationships with municipal neighbours, or proactively managing conflict internally, can apply for funding under the ministry's Collaborative Governance Initiative. This initiative helps municipalities develop protocols and agreements to guide intermunicipal or internal processes in ways that reduce opportunities for conflict to escalate and, as a result, increase efficiency and effectiveness in service planning and delivery. In 2014-15, 10 projects were approved to help create customized protocols and policies for collaborative governance. The projects collectively involved 30 municipalities, two Metis Settlements, five First Nations communities, one school board, and one regional waste commission.

For municipalities that want to address issues jointly funding for the costs of mediators is available through the Intermunicipal Dispute Resolution Initiative. In 2014-15, the ministry supported six mediation processes that collectively involved 12 municipalities seeking to resolve disputes over annexation, land use, and recreation services. Two of these mediation processes led to agreements being reached by the municipalities involved; two of the mediation processes are underway; and in two further cases the disputed matters remained unresolved and were brought before the Municipal Government Board as municipally contested annexation applications.

Strategic Initiatives

Under the Strategic Initiatives component of the Alberta Community Partnership Program, the ministry provided funding support to initiatives that addressed municipal or intermunicipal needs or circumstances of strategic significance outside the other funding components. Support was provided for the professional development of elected municipal officials through a joint grant of $150,000 to the Alberta Urban Municipalities Association (AUMA) and the Alberta Association of Municipal Districts and Counties (AAMDC) to review and update the course content for the Alberta Elected Officials Education Program

Funding was also provided to the Town of Drayton Valley to partner with Brazeau County around the development of programming and marketing for the Clean Energy and Technology Centre. The focus of this project is to provide skills and training with an emphasis on sustainable, economic and social development through clean technology. It is anticipated this centre will serve as a catalyst for research and innovation in clean energy in rural Alberta.

Priority Initiative 1.4: *Provide funding to municipalities through the Municipal Sustainability Initiative to assist municipalities in meeting their strategic long-term infrastructure needs*

Municipal Sustainability Initiative

In 2014-15, the ministry provided $1.64 billion in provincial funding to municipalities through the Municipal Sustainability Initiative (MSI), up from $1.14 billion in 2013-14. This initiative provides financial support to municipalities for infrastructure needs, capacity building activities, and for managing growth pressures.

Capital Funding

Capital funding under this initiative will be used for municipal roadways, bridges and related facilities; recreation, parks, sports and community facilities; other municipal infrastructure; public transit vehicles and facilities; and water, wastewater and related facilities. A total of 779 MSI capital applications were received.

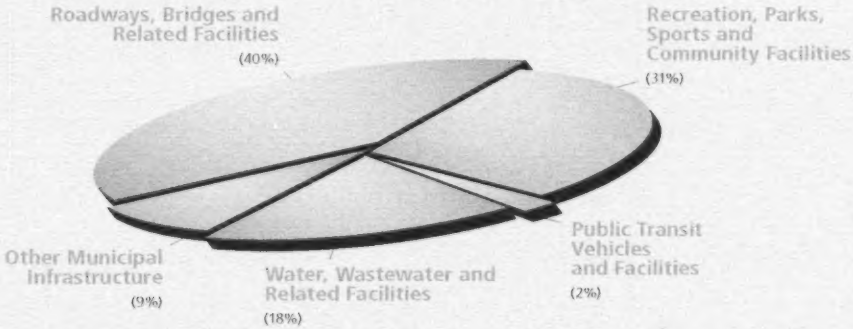
MSI projects accepted and underway in 2014-15 included:

- the City of Calgary's design and construction of the Seton Regional Recreation Facility;
- the City of Edmonton's replacement and rehabilitation of public transit buses and light rail transit vehicles;
- the City of Lethbridge's construction of a twin ice arena;
- Cypress County jointly extending the Forest Heights wastewater line with Improvement District No. 349;
- the County of Minburn jointly remediating the Mannville Landfill with the villages of Innisfree, Mannville and Minburn;
- the Town of Irricana upgrade of the Lions Community Hall;
- the Town of Vermilion's replacement of the roof on the curling rink; and
- the Summer Village of Ma-Me-O Beach contributing funding to the County of Wetaskiwin for the construction of the Pigeon Lake regional wastewater collection system.

These projects are examples of the variety of strategic, long-term benefits for Albertans, as a result of the infrastructure funding, including the construction and upgrade of key recreation and community infrastructure, greater connectivity and transit services, safe and secure water, improved emergency services, and upgraded municipal roads.

On March 6, 2015 an additional $398.9 million was added to the Municipal Sustainability Initiative to support municipal infrastructure projects and ensure municipalities are able to meet their existing commitments. The core Municipal Sustainability Initiative capital grant increased to $1.61 billion ($871 million from the original Municipal Sustainability Initiative capital budget, $338.4 million from the former Basic Municipal Transportation Grant, and $398.9 million from the additional Municipal Sustainability Initiative added in early March 2015).

Municipal Sustainability Initiative – Capital Funding



In 2014-15 the Basic Municipal Transportation Grant was transferred from the Ministry of Transportation to the Ministry of Municipal Affairs – to be consolidated within the Municipal Sustainability Initiative capital program. The consolidation responded to requests from municipalities for a simplified one-window approach, greater autonomy, and flexibility. These changes allowed the municipal grant programs to become more streamlined, efficient, and flexible.

Operating Funding

In 2014-15, the ministry budgeted $30 million in MSI conditional operating funding to assist municipalities in addressing local priorities. Of this budgeted $30 million, $28.7 million was provided as operating funding, and $1.3 million was transferred to MSI capital funding, at the request of municipalities. Funds were allocated to projects that promote municipal viability and long-term sustainability (20 per cent); maintenance of safe, healthy and vibrant communities (46 per cent); development and maintenance of core municipal infrastructure (33 per cent); and capacity building (one per cent). For example, Red Deer County covered operating costs of an intermunicipal bus service, and the County of Vermilion River covered the costs of software upgrades. These types of projects are examples of how municipalities are working on local priorities to improve the effectiveness and efficiency of municipal services in their communities.

Launched in April 2014, a Municipal Sustainability Initiative online system allowed for Municipal Sustainability Initiative capital applications and operating spending plans to be submitted online. The new system was designed and implemented with a client-focused approach and allowed for a streamlined application process. Municipalities were able to submit applications and obtain up-to-date information on their Municipal Sustainability Initiative capital infrastructure projects and funding. In the 12 months since the launch, 84 per cent of all municipalities accessed the system – about 55 per cent of all 2014 capital project applications and about 45 per cent of all operating spending plans were submitted using the online system.

To support fiscal accountability, information about the Municipal Sustainability Initiative funding provided to Alberta municipalities is routinely made available on the Municipal Affairs Municipal Grants Web Portal (**www.municipalaffairs.alberta.ca/municipalgrants**). These funding reports summarize grant amounts by municipality and program.

A list of provincial grants available to municipalities is also maintained on the Municipal Grants Web Portal. It includes budget information, application guidelines and eligibility requirements.

Grants In Place of Taxes

Through the Grants in Place of Taxes program, $59.6 million was provided to 170 municipalities in 2014-15. These grants are provided to municipalities for the property taxes that would otherwise be recoverable on Crown property if it were not exempt from taxation. This is to ensure the Government of Alberta pays its fair share of property taxes and supports municipal services.

Examples of eligible properties include provincial buildings, court houses, correctional institutions and remand centres. Grants are also provided to cover the municipal portion of property taxes on specified nonprofit, unsubsidized, selfcontained seniors' accommodations. In 2014-15 property tax funding in the amount of $387,000 was provided to municipalities to help offset lost property revenue due to the Government of Alberta's acquisition of residential and commercial properties through the Floodway Relocation Program.

New and Renewed Grant Programs

Another significant event in 2014-15 under this priority initiative was the renewal of the Federal Gas Tax Fund Agreement, which assisted municipalities with their strategic long-term infrastructure needs. On April 1, 2014 the administration of the Federal Gas Tax Fund program was transferred from the Ministry of Transportation to the Ministry of Municipal Affairs. The transfer enhanced the ministry's focus on municipal grant program delivery, simplified the grant funding process for recipients, and made grant funding delivery more efficient and effective.

The government also worked with the federal government to secure a 10-year extension to the Federal Gas Tax Fund, which will provide an additional

$2.3 billion for Alberta communities. The new agreement was signed in the summer of 2014, and is now supporting Alberta municipalities with over $200 million per year in critical infrastructure funding. Eligible project categories include roads and bridges, public transit, drinking water, wastewater, solid waste, community energy systems, sport, recreational, cultural, and tourism infrastructure, capacity building, disaster mitigation, brownfield redevelopment, broadband connectivity, and local and regional airports.

As part of the federal government's New Building Canada Fund, the federal government established the Small Communities Fund. For Alberta, the federal government has identified $94 million in funding to be directed to infrastructure projects that benefit communities with populations less than 100,000, as determined by the Statistics Canada Final 2011 Census.

Projects approved under the Small Communities Fund will be funded on a one-third cost-sharing basis, with the federal, provincial and municipal governments all providing equal amounts toward eligible project costs. The program was rolled out in February 2015.

Priority Initiative 1.5: *Enhance Albertans' access to public library resources by continuing to invest in a provincewide library network.*

In 2014-15, the ministry spent $32.6 million in funding to support public library service in Alberta, which included:

- $25.9 million in operating grant funding to 224 municipal library boards and seven library system boards operating 317 public library service points in the province. This funding supports municipalities in providing public library service to their residents; and supports library resource sharing so that all Albertans have equitable access to public library resources.
- Approximately $5.3 million in funding to support:
  - the public library resource-sharing network, a network that allows participating libraries to share their digital materials electronically by funding the Alberta SuperNet in public libraries or physical materials by funding an inter-library loan and delivery system;
  - funding e-content for all public library users, which makes it possible for all Albertans to access a broad range of library resources in digital formats;
  - funding to The Alberta Library (TAL) consortium, which represents many of Alberta's public, post-secondary and government libraries;
  - funding to support the Library Association of Alberta, which represents and advocates for libraries, librarians and library technicians from public, academic, government and private libraries; and
  - funding to support the Alberta Library Trustees Association, which represents and advocates for library trustees, supplemented by ministry led training support for library board trustees.
- $1.4 million for administration of the ministry program that supports public library service.

Public Library Services Branch provincewide symposium around people with print disabilities

One significant event for the ministry's Public Library Services Branch (PLSB) was a provincewide symposium, held in February 2015 in Edmonton, to discuss public library service for people with print disabilities, such as visual impairment (up to and including blindness), dyslexia and a range of similar dysfunctions, which inhibit a person's ability to read printed matter. Approximately 45 stakeholder representatives attended the symposium, resulting in recommended future directions for the government and for public libraries, relative to the provision of public library service to people with print disabilities.

- The symposium resulted in much discussion about the current status of library services for people with print disabilities, and possible future directions. The PLSB has been working for some time with two service providers offering a range of services to libraries that serve individuals with print disabilities.

Alberta public libraries that participate in the Public Library Network have access to resources that respond to the needs of people with print disabilities. The provincial government funded access to the National Network of Equitable Library Service (NNELS) and the Centre for Equitable Library Access (CELA) for public libraries – the two national strategies developed to help public libraries serve people with print disabilities. Alberta is the only province implementing both NNELS and CELA. NNELS is a co-operative network building an online digital repository of alternative format titles. CELA gives public libraries access to 230,000 alternative format titles for provision to library patrons in a variety of formats. Available collections include audio books, magazines, newspapers, and described video in the patron's format of choice.

- These two organizations offer unique, but complementary, services. CELA offers patrons a carefully curated collection of popular alternate format materials, and NNELS offers patrons record-on-demand service, allowing patrons to help build the digital repository through their requests. These resources have the potential to significantly improve library service for people with print disabilities in Alberta.
- Future directions: Alberta public libraries are currently in a time of transition in the provision of library services to people with print disabilities. The conversations at the symposium spoke to a commitment from the libraries to better serve people with print disabilities through new and innovative means and technologies. The PLSB is in the process of creating an operational policy on library services for people with print disabilities. The policy will help frame the provision of services in Alberta and will outline the responsibilities between the GoA and the Alberta public libraries.

Emerging Technologies

The library field is changing rapidly, particularly in the advance of new technologies that are becoming available to access library resources, and the new and changing formats of those resources. The ministry, through its Public Library Services Branch, has taken a leadership role in this area by purchasing licenses for provincewide electronic and digital library resources from multiple suppliers. These resources were acquired after consultation with key stakeholders and through a rigorous adjudication process within a strict budget allocation. This gives all Albertans access to a growing number of digital library materials, such as books, music, magazines and audio-visual materials, online and from a remote location. The ministry took on this responsibility after a government-approved results-based budgeting decision in 2013 that focused on the technology of the public library network.

First Nations Reserve Public Library

The first public library on a First Nations reserve in Alberta was opened in 2012-13. No additional libraries were opened on First Nations reserves during 2014-15 due to a lack of local community uptake. Consultation is ongoing with First Nations communities.

Minister's Awards for Excellence and Innovation in Public Library Service

The Minister's Awards for Excellence and Innovation in Public Library Service program is open to all public library boards in Alberta. The awards identify, acknowledge and encourage best practices, and capture and communicate ideas for enhanced effectiveness that can be replicated by libraries across the province.

Four winners were selected in 2014:

Excellence – Larger Library

City of Calgary Library Board for the "Grow A Reader" mobile app

The app takes fun, interactive content from the library's popular early literacy program and delivers it to parents via their smartphone or tablet. The app includes videos of library staff performing rhymes, fingerplays and songs, as well as recommended booklists and tips for parents. The library was challenged to meet the demand of early literacy programs, which frequently had long waiting lists. To ease this demand two departments within the library came together

to create the app. The content is available to everyone with an iPhone, iPad or iPod Touch and parents or caregivers who cannot attend a program in person can learn skills and tips at home. Those who have attended a program can use the app to practice what they learned.

Excellence – Smaller Library

Town of Fox Creek Library Board for the "Time for Tots" webisodes

Time for Tots is an online story and craft project program that was first posted on YouTube in November 2013. Young patrons will benefit by being able to access the program from the convenience of their own homes and from any electronic device.

There currently isn't a weekly video like this in the Fox Creek area. Hearing the readers in the video could give parents tips on reading with their own children. Children of all ages can be included without the age restrictions of an in-library program. Between Facebook and YouTube the webisodes have had over 500 views.

Innovation – Larger Library

City of Edmonton Library Board for the "Metro Edmonton ME Card Service"

The Metro Edmonton ME Card Service includes the libraries in the City of Edmonton, City of Fort Saskatchewan, the City of St. Albert, and Strathcona County. The multi-library sharing service is web-based and allows patrons with a valid library card at any of the metro public libraries to initiate the automated creation of a patron account at one or more participating libraries. Once an online account is created, patrons can use their home library card at any participating library with which they have registered. From October, 2013 to January, 2014 the total new accounts created numbered 2,862, with 8,838 items borrowed. Municipal Affairs built on the success of the Metro Edmonton ME Card Service libraries and launched the service as Alberta-wide borrowing in other regions. So far, Calgary Public Library, Parkland Library System, and the Shortgrass Library System are up and running with all other regions expected to join in the summer 2015.

Innovation – Smaller Library

Town of Innisfail Library Board for the "Beginner Robotics Program"

The Beginner Robotics Program targets youth aged 10 to 17 years, and offers hands-on experience with a variety of topics:

- **Circuits:** learn how circuits work using hands-on experience with circuit boards;
- **Motors:** learn how motors work in a variety of applications and how to use them effectively;
- **Designing:** creating motorized vehicles using designs, then creating their own designs;
- **Solar Power:** working with solar panels to create two solar powered robots;
- **Recycling / re-purposing:** disassemble materials from around the house to harvest robotics parts to create simple robots; and
- **Completion:** create robotic infrared tanks to take part in a two-stage competition (four teams – with one overall winner).

The program teaches participants teamwork, imaginative and logistical skills, and literacy – as reading and following instructions requires good literacy skills.

Priority Initiative 1.6: *Assist municipalities to build capacity and accountable municipal operations through the Municipal Sustainability Strategy, the Municipal Internship Program, training opportunities, financial management support, reviews, inspections and other advisory services.*

The ministry places high priority on its programs and initiatives to assist municipalities in fulfilling their responsibilities to function in a viable and accountable manner. Municipalities encounter many of the same operational pressures and strains as those experienced by business, industry and other governments. These challenges range from attraction and retention of skilled personnel, to meeting public expectations for greater access to information, achieving meaningful public engagement, improving responsiveness to questions and concerns, use of the most recent technologies, and continuing delivery of quality services. In particular, some smaller municipalities with declining populations struggle to provide core functions due to their small staff complement and limited number of residents to generate property tax revenues.

Municipal Sustainability Strategy and Viability Reviews

In 2012, the GoA approved a strategy – Building on Strength: A Proposal for Municipal Sustainability for Alberta – developed by the ministry and major municipal associations, to improve the long-term viability of municipalities across the province.

A key feature of the Municipal Sustainability Strategy was a new process for the review of a municipality's viability. The process engages municipal officials, local citizens, neighbouring municipalities and municipal association representatives in looking at a community's strengths, weaknesses, and ways to resolve challenges. It includes the use of a self-assessment toolkit by the municipality; an analysis of the municipality's administration, finances and services; a recommendation by a review team as to whether the municipality is trending toward non-viability; and the development of a viability plan.

In 2014-15, the ministry conducted eight viability screenings to determine if the requests would be best addressed by a viability review or an alternate approach (such as a corporate review). As an outcome of the screenings, the ministry proceeded to initiate six viability reviews. The process is currently underway for the villages of Clyde, Galahad, Hill Spring, Rycroft, Strome and Willingdon. Viability reviews were completed for the Town of Swan Hills and the Village of Minburn. The Town of Swan Hills was deemed to be viable. The Village of Minburn was deemed to be trending toward non-viability and electors of the village subsequently voted to dissolve.

A viability review may be initiated upon the request of a municipal council, a petition from citizens, or at the Minister's discretion if a municipality is not meeting key measures of viability. In 2014-15, six municipalities were notified that three or more key measures had been flagged in an analysis of the information reported annually to the ministry by each municipality. Those municipalities were contacted to discuss the key measures and were offered additional advisory assistance.

One of the main challenges identified during the piloting of the viability reviews was the length of the process. As a result, ministry staff implemented changes that streamline the process and shorten the timeline from 18-36 months to 9-15 months. These adjustments provide more opportunities for feedback from the public and other stakeholders earlier in the process.

Advice and Assistance to Municipalities

Providing day-to-day advice, information and training to municipalities is an essential key ministry function that supports municipalities in building capacity and operating effectively. Ministry staff work with and provide advice to municipalities, residents and stakeholders in the areas of finance, governance, administration, land-use planning, property tax and assessment, municipal restructuring, dispute resolution, and local elections.

Through these efforts, the ministry helps municipalities understand and fulfill their legislated obligations to provide transparent, accountable and responsible local government, and helps citizens to understand what they can reasonably expect from their local governments. The ministry carries out this advisory role through a variety of means, including responses to phone inquiries, correspondence, training sessions, advisory visits to municipalities, inspections, publication of handbooks and other resource materials, website content, and participation in meetings and conferences.

In 2014-15, the ministry's activity in this regard included seven regional training sessions that were tailored in particular for municipal staff from small- and medium-sized communities. Each session covered a range of topics relating to the responsibilities of municipal administrations. In total, 214 individuals representing 109 municipalities attended the training, which was held in Picture Butte, Peace River, Westlock, Longview, Hardisty, Bonnyville, and Bentley.

The regional sessions and other training activities addressed topics such as roles and responsibilities of municipal officials, policies and bylaws, tax rate bylaws, tax recovery, meeting procedures, census taking, communication, conflict management, grants and subdivision and development appeals.

Municipal Internship

In 2014-15, the ministry provided funding to help cover the costs of hosting 19 administrator interns, 12 land-use planner interns, and seven finance officer interns. The interns were hosted by 30 municipalities and three planning agencies. More than 240 interns have been hosted by 99 municipalities and seven planning agencies since the internship program was introduced in 2002. To further assist municipalities with staffing capacity, the ministry introduced an additional component to the Municipal Internship Program in 2014. Seven municipalities were selected to host interns for the upcoming pilot year (May 2015 - April 2016) of a new finance officer stream of the program. Municipalities have requested that this new component be added to the two existing program streams of municipal administration and land-use planning.

Municipalities have advised the ministry it can be a struggle for them to recruit qualified employees, and succession planning is a significant priority and challenge as experienced personnel retire. The internship program recruits recent post-secondary graduates interested in a career in local government, and provides support to the host organizations to hire these graduates so they can gain practical experience in the field. While in the program, interns also receive coaching, mentoring, and opportunities for networking and professional development. The intent is to develop well-rounded future leaders for Alberta's municipalities.

Municipal support for the program is high, as on an annual basis more municipalities and planning service agencies apply to host than there are positions available. More than half of the past intern participants are now employed in the municipal field.

Recognizing Municipal Excellence

One means of strengthening the capacity of any profession is to share successes and best practices. The annual Minister's Awards for Municipal Excellence serve to recognize best practices submitted by municipalities, with award recipients being recommended by a review committee of municipal association representatives. Forty-three submissions were received for consideration in 2014, and all are posted in the Municipal Excellence Resource Library, which can be found at **www.municipalaffairs.alberta.ca/mc_municipal_excellence.cfm**.

In 2014, in their thirteenth year, awards were presented in five categories:

Outstanding Achievement – the City of Airdrie for its online census practices and methodologies that helped transform the manner in which a municipal census can be conducted in Alberta. Twenty municipalities used the city's online census services in 2014.

Innovation – the County of Vermilion River for its Alternative Land Use Services, a voluntary incentive-based environmental program that rewards the contributions that farmers make through their land-management practices to clean air and water, and biodiversity.

Partnership – the City of Calgary for its Transforming Planning project. The city partnered with the development industry, community groups and citizens to collaboratively design a new land-use planning system that will improve the outcomes and experiences of those involved in Calgary's development.

Safe Communities – the City of Calgary for its Text with 911 service that allows deaf, hard-of-hearing and speech-impaired people to converse with 911 operators in an emergency.

Small Communities – the summer villages at Pigeon Lake for the Pigeon Lake Summer Villages Regional Emergency Management Plan. Ten summer villages worked collaboratively to develop the emergency plan with a goal to prevent or minimize losses to people, property and the environment.

In adopting best practices, municipal leaders are showing accountability to community taxpayers who expect their local governments to function in an efficient, effective and responsive manner.

Priority Initiative 1.7: *Continue the collaborative, principles-based review of the Municipal Government Act to ensure that modern and effective legislation is in place.*

In March 2015, a major milestone was achieved in this review process when the Alberta Legislature, in passing the *Municipal Government Amendment Act*, approved the first round of amendments to update the Act. The changes were suggested by Albertans during public consultation, and received broad support from the rural and urban municipal associations, the cities of Calgary and Edmonton, and business and industry associations representing key economic sectors.

By the beginning of the 2014-15 fiscal year, the public engagement phase of the review was fully underway. This phase included the launch of a leading-edge website (**www.mgareview.alberta.ca**), a municipal councillor survey, regional public engagement sessions, an online workbook, and the receipt of written submissions.

Engagement sessions were held in 11 communities across Alberta and open to the public, municipal, and business and industry stakeholders. A total of 77 sessions were attended by 1,470 participants in 11 communities across Alberta. The stakeholder workbook was made available to stakeholders and public members so that they could provide detailed written input on any aspects of the legislation. Interested organizations and individuals were also invited to develop official submissions and provide them to the ministry.

This extensive input and interest generated the need for considerable policy analysis and synthesis. The analysis phase of the review identified 54 substantial policy issues, along with options to consider. To ensure stakeholders were consulted as fully as possible in amending the legislation, the ministry invited key municipal, business and industry stakeholders to participate in focus groups and work closely with the ministry in addressing the issues. The focus groups began to meet in the summer 2014 and by March 31, 2015, consensus was built among focus group representatives on a number of recommendations.

At the commencement of the *MGA* Review process in 2012, there was an expectation the review would be completed by spring 2015. Over the course of the review, it has been necessary to adjust this timeline. In 2013, the public consultation phase was delayed for several months as the ministry diverted resources to the needs of flood-stricken communities.

As the consultation progressed and the issues were analyzed, it became clear the volume, magnitude and complexity of policy issues would require more time for consideration, as well as further collaboration with municipal partners and key stakeholders.

In January 2015, a memorandum of understanding was signed by the GoA and municipal associations that set out the intentions of the Province and its municipal partners to continue to work together, and with stakeholders, to complete the review.

City Charters

As the *MGA* Review progressed, work continued with Alberta's two largest cities on the development of City Charters. In October 2014, a framework agreement for the development of City Charters was signed by the Minister of Municipal Affairs and the mayors of Edmonton and Calgary. Soon after this, the GoA and the cities agreed on a three-phased work plan for the development of the City Charters.

Phase one addresses topics specific to the two cities and Municipal Affairs (including matters related to governance, planning and development, and taxation and assessment). Phase two will address topics relevant to the two cities, Municipal Affairs and other provincial ministries (such as matters relating to social, environmental, energy, transportation, and economic policy). Phase three will involve the development of a new fiscal framework for the two cities. It is anticipated the charters will be finalized in 2016, with the work currently occurring on the *MGA* Review helping to inform the City Charters, and vice versa.

Priority Initiative 1.8: *Promote an assessment and property tax system that is accurate, predictable, fair and transparent by conducting assessment audits, preparing accurate linear and equalized assessments, and delivering timely assessment training and guides.*

Standards for Assessment Quality

The Assessment Audit Program is part of the ministry's priority initiative to promote an assessment and property tax system that is accurate, predictable, fair and transparent. The ministry oversees the assessment system to ensure that legislated quality standards are met and assessment practitioners across Alberta follow industry best practices.

As part of the process for the review of the assessment information reported to the department by each municipality, the ministry:

- Performed annual assessment audits on all municipalities in Alberta.
- Conducted detailed assessment audits of five municipalities, and a provincewide audit of oil and gas properties involving 70 rural municipalities.
- Accomplished the annual review of all Crown properties and in-depth reviews of the valuation of 150 Crown properties identified by year-over-year assessment change tolerance. This was an increase from 121 properties last year.
- Conducted compliance reviews for five residential property owners regarding their access to assessment information. Municipal Affairs completed compliance reviews for two requests, the other three were not found to meet the criteria for initiating a review. The reviews resulted in findings of noncompliance with the *Municipal Government Act*. Municipal Affairs worked with the municipalities to improve their process to ensure taxpayers receive sufficient assessment information.

Maintaining the accurate, predictable, fair and transparent Assessment Framework

Significant progress was made on development of legislation to maintain the accurate, predicable, fair and transparent Assessment Framework. A number of regulations were amended or enacted during the 2014-15 year that enabled the effective delivery of programs and services related to these initiatives. The specific regulations and their purposes are listed below by initiative, as is progress supporting specific initiatives:

Well Drilling Equipment Tax Rate Regulation

The Well Drilling Equipment Tax is a one-time tax on oil and gas drilling equipment in the year in which a well is drilled. The intent of the tax is to help offset costs incurred by municipalities in maintaining roads used by well-drilling equipment. The renewed regulation establishes the tax rates for well-drilling equipment that councils are authorized to impose by way of bylaws. The regulation has:

- an improved formula for calculating the tax;
- an annual index rate; and
- a five-year term that came into force on January 1, 2015.

The department has plans for additional consultations with the stakeholders in 2015 around the issue of enhanced recording and reporting requirements for municipalities.

Community Organization Property Tax Exemption Regulation

This regulation provides parameters for tax exemptions regarding properties held by non-profit, charitable or community associations. The renewal of this regulation, which expires January 31, 2018, enables municipalities to continue to apply the criteria in this regulation to support local decisions for granting property tax exemptions to non-profit organizations. The three-year renewal period also provides time for undertaking any review associated with discussions occurring as part of the *Municipal Government Act* Review.

2014 Alberta Assessment Quality Minister's Guidelines

The 2014 Alberta Assessment Quality Minister's Guidelines set out the rates, factors and procedures used in the assessment process for all regulated property in Alberta, which includes linear property, machinery and equipment, railway property, and farm land. These guidelines were updated and published to update factors to adjust for year over-year cost changes, and update depreciation factors.

The Property in Alberta Assessment Handbook

The Property in Alberta Assessment Handbook provides the assessment community with a series of best-practice guides for valuing property in Alberta. In 2014, two of the Property in Alberta Assessment Handbook modules were refreshed with support from stakeholders. The refreshed modules include a more consistent layout, introduction, and narrative around the approaches to value, as well as a new section on cross-jurisdictional assessment practices.

Assessment of Linear Property

The ministry prepared the linear property assessments of 1,006 companies on behalf of Alberta municipalities. This assessment will generate about $1 billion in municipal and education property tax and is based on property that includes oil and gas wells, pipelines, electric power systems, and telecommunication systems. For the 2015 tax year, the total linear property assessment was $78.2 billion, representing an increase of 4.56 per cent from 2014. This change was attributable to an overall increase in the number of assessable linear properties (e.g., new wells and pipelines, electric power transmission lines and substations), as well as inflationary increases to the assessed value of existing linear properties.

The ministry also responds to linear assessment complaints filed with the Municipal Government Board. One significant achievement under this priority initiative is the fact no complaints were heard before the board – for the second tax year in a row – as there were no major issues raised by stakeholders concerning their linear property assessments. This demonstrates that ministry staff prepare the annual linear assessment with a high degree of accuracy and transparency. This also reflects the ability of ministry staff to work with stakeholders to resolve emerging issues. The ministry continues to work with all stakeholders to prepare a fair and equitable linear property assessments.

Education Tax and Equalized Assessment

Education property taxes provide a source of revenue that assists with stable funding for the education system. The ministry supports the provincial education property tax system by calculating the annual education property tax requisition for each municipality. The Province requisitioned $2.1 billion from municipalities in 2014-15.

The 2015 education property tax requisition was prepared and sent to municipalities on March 26, 2015. The requisition was distributed among municipalities based on the provincial equalized assessments. The total value of the provincial equalized assessment increased by about $55 billion (seven per cent) over 2014.

Municipalities collect the education property taxes and remit them to the Alberta School Foundation Fund or the opted-out separate school boards. All education property taxes are pooled by the Province and distributed to public and separate school boards based on an equitable per-student funding formula. Education property taxes help

to pay for teachers' salaries, textbooks, and other classroom resources in both public and separate schools.

Assessment Review Board Training

The ministry continues to provide training for assessment review boards, which helps to assure municipalities and taxpayers that board members are consistently trained and qualified, and possess knowledge and understanding of the legislation and regulations pertaining to assessment.

As of April 1, 2014, the Municipal Government Board assumed the responsibility of delivering the assessment review board training with the assistance of staff from the Assessment and Property Tax Policy Unit. In 2014, 291 participants attended a total of 17 training sessions, as follows: two for prospective clerks, 10 for prospective board members, two refresher courses for clerks and three refresher courses for board members.

Performance measure variance

The following section explains the results of **performance measure 1.a,** "Average number of public library resources borrowed by Albertans," as there was a significant variance from the target.

The target of an average of 12.6 public library resources borrowed by Albertans was not met; the actual result was an average of 11.0.

The result fell short of the target by 1.6 (or approximately 12 per cent), which means the average public library resources borrowed by Albertans was 1.6 resources less than what was targeted.

The method used to set targets for this measure has been trend-based or directional target setting – i.e., a combination of a time-based and percentage achievement target, which generally commits to steady improvement over time. However, with any trend line, data points will occur both above and below the trend line.

This performance measure accounts for this, as it reflects the possible wide variability of the results and the differences in service delivery from library to library; and, may reflect significant changes in access due to the introduction of new technologies and systems introduced into the public library network. This measure provides a wide view of the provincial library network, which in itself accommodates the wide variations present in local or regional library service by individual library boards. As a locally governed autonomous municipal service, library access, usage and service patterns vary significantly from community to community.

Performance Measure Variance
As there were no significant performance measure variances for 1.b and 1.c, no further analysis was required.

Goal 2: Fair, timely, and well-reasoned decisions are provided on matters before the Municipal Government Board

Priority Initiative 2.1: *Deliver an effective appeal process for subdivision appeals, inter-municipal disputes, annexation applications, linear assessment complaints and equalized assessment complaints.*

The Municipal Government Board continues to hear and decide on complaints about linear property assessment, equalized assessment appeals, subdivision appeals, and intermunicipal disputes, and to make recommendations on annexation applications. In 2014-15, the Municipal Government Board conducted the following hearings: 36 subdivision appeals, three annexation applications, and two intermunicipal disputes.

In order to accommodate the hearing workload for meeting the requirements of all legislation, including completing all written assessment decisions within 30 days, the board has a total of 53 appointed members for the Municipal Government Board and 27 of these members are also on the New Home Buyer Protection Board. The Municipal Government Board continues to provide extensive training and support to its part-time members, who are appointed by an Order in Council.

Priority Initiative 2.2: *Provide board members and support to municipal Composite Assessment Review Boards.*

The Municipal Government Board provides a provincial representative, in the form of a presiding officer, to Composite Assessment Review Boards (CARBs). This presiding officer joins two municipal representatives to hear assessment complaints for residential property with four or more dwelling units, non-residential property, and machinery and equipment. In 2014-15, the board provided presiding officers for 810 CARB hearing days involving 1,634 decisions.

Performance measure variance

The following section explains the results of **performance measure 2.a,** "Percentage of parties to Municipal Government Board appeals who are satisfied or neutral regarding the Board's performance of services in support of planning, annexation, linear, and equalized assessment appeals," as there was a significant variance from the target.

The target of 80 per cent was exceeded; the actual result was 88 per cent.

The actual for the year of 88 per cent exceeds the target of 80 per cent by 8 per cent. It is three percentage points lower than last year's actual (91 per cent).

The 80 per cent target has been exceeded for several years and ministry staff are reviewing whether it should be increased.

The achieved result of 88 per cent reflects the type of appeal hearings held during the year and the parties that attended. Hearing participants were, for the most part, experienced, and it is believed they answered the survey questions based on their satisfaction with the process and were less influenced by the final decision or outcome of the hearing.

Clients attending hearings and directly involved in the appeal processes (that strive for fairness, impartiality and independence) are deemed to be the best parties to assess the Municipal Government Board's performance. Receiving their responses on their level of satisfaction is seen as the best indicator of the board's performance.

The result of this measure suggests that the goal associated with the work of the Municipal Government Board, "Fair, timely, and well-reasoned decisions are provided on matters before the Municipal Government Board as set out in the *Municipal Government Act* and related regulations" is in fact, fair, timely and produced well-reasoned results.

Goal 3: Albertans most in need have access to housing options

On September 15, 2014, new ministry structures were announced. At this time, the Housing Division and the Alberta Social Housing Corporation were transferred from the Ministry of Municipal Affairs to the Ministry of Seniors. The 2014-15 ministry annual reports and financial statements have been prepared based on that ministry structure.

Goal 4: Albertans are safe in the places they live, work and play

Priority Initiative 4.1: *Provide safety codes and fire services support to municipalities and Albertans during emergencies and recovery from disasters.*

Continued Flood Recovery Support

The Public Safety Division continued to provide technical support for flood recovery in areas of Southern Alberta affected by the 2013 floods. Technical field staff were provided to assist municipalities in evaluating the extent of damages to individual homes, as well as to interpret codes, assist in permit inquiries and clarify mitigating strategies for homeowners. The division also worked with the Disaster Recovery Program to provide assessment of mitigation funding requests for homeowners, condominium owners and landlords, and provided significant cross-ministry support for both the recovery effort and for planning to lessen the impact of future flood events.

Priority Initiative 4.2: *Provide risk management, monitoring and coaching assistance to municipalities, corporations, agencies and delegated administrative organizations.*

Major Strides in Public Education Programs

The Office of the Fire Commissioner expanded its public education programs significantly in 2014-15, growing the number of awareness campaigns to one per month, each of which is now generally tied to seasonal fire and safety topics. This is in conjunction with recurring campaigns such as the Fire Prevention Week. The purpose of running monthly campaigns is to keep fire and safety messaging in the public eye throughout the year, in a way that reflects the common safety issues encountered each season. The hope is that fire prevention programs that target kids will have an ongoing effect as they grow up.

The major campaign each year is Fire Prevention Week in October, which includes a launch event and widespread distribution of printed fire-safety materials to students. The 2014 campaign saw 280,000 fire-safety activity books handed out to students, and the contest associated with the campaign had more than 10,000 entries. The Office of the Fire Commissioner also partnered with First Nations on fire education and injury prevention programs with the goal of eliminating fire-related deaths and injuries in First Nations communities.

Priority Initiative 4.3: *Improve the legislative and administrative frameworks that support systems for safety codes, fire services and search and rescue.*

The *Safety Codes Amendment Act*

One significant achievement around improving the legislative framework for safety codes has been made with the *Safety Codes Act* Review. In July 2014, the ministry initiated a second round of stakeholder consultation on the *Safety Codes Act*. The consultation focus was on five policy areas: standardization of occupancy permits, transfer for the administration of the Act in unaccredited areas of the province from the Minister to the Safety Codes Council, new enforcement tools, potential changes to enable municipal bylaws, and appeals for the refusal of a variance. The consultation was comprised of a series of information sessions across the province and an online component.

Following the consultation, input was reviewed and policy proposals were developed that focused on key issues to be addressed by amending the Act. As well, improving the adoption of new editions of national model code standards, which had been identified in the previous phase of the review, was identified as an issue needing to be addressed as part of the

civic charters framework with Edmonton and Calgary. Issues that could be addressed in regulation were deferred to future policy work.

On March 19, 2015, the *Safety Codes Amendment Act, 2015,* was introduced in the Legislature. This amending Act focused on four key policy proposals, including:

- addressing timely code adoption by establishing a rolling adoption method for codes;
- improving enforcement by adding administrative penalties;
- transferring responsibility for administration of the Act in unaccredited areas from the Minister to the Safety Codes Council; and
- providing some municipal bylaw authority with respect to private sewage disposal systems.

On March 30, 2015, the *Safety Codes Amendment Act, 2015*, received royal assent.

Alberta Training Taskforce Established

A significant achievement around improving the administrative frameworks that support fire services was the establishment of the Alberta Training Taskforce, a voluntary group of training officers in the Alberta fire service. This taskforce promotes collaboration and standardization among fire training programs. It was formed out of the fire community's desire for more transparency in the fire training system, and to provide an opportunity for input into training, accreditation and certification to a broader range of stakeholders. The overarching goal of the taskforce is to provide improved quality assurance in the areas of examination generation and validation, instructor qualification and competencies, and training site validation. Albertans will benefit from uniformly trained firefighters that respond to incidents throughout the province – making for safer communities.

Safety Codes Council Transition Process Continues

Safety Services continued to meet regularly with the Safety Codes Council to assist them as they establish a new business division, the Alberta Safety Codes Authority. This new division takes over responsibility for permit services in unaccredited municipalities from Municipal Affairs.

Senior management from Municipal Affairs has been supporting the Council to establish the Alberta Safety Codes Authority and ensure a smooth transition.

Contract and partnership staff have been providing support and helping the Alberta Safety Codes Authority understand and develop a permit and inspection process, along with required forms and templates. A grant was provided by the Minister of Municipal Affairs in 2013 to help the council set up the new division, which has identified a targeted launch date of January 1, 2016. For the authority to be created, the *Safety Codes Act* was amended in March 2015.

The Alberta Safety Codes Authority will implement a new business model for accredited agencies providing permit and inspection services in unaccredited municipalities. The business model will use a fee-for-service approach, which will pay agencies as work is completed. This will hold agencies accountable, thereby improving services for Albertans.

Priority Initiative 4.4: *Develop safety codes in response to emerging technology in areas such as energy efficiency and water conservation.*

Adoption of Building and Fire Codes

The 2013 flooding in Southern Alberta diverted staff resources from building and fire code development. In 2014-15, building and fire code development was a priority, with a target to have the code ready for the end of the 2014-15 fiscal year. In February 2015, adoption of the new Alberta Building Code and Alberta Fire Code were approved, and both came into force on May 1, 2015. These codes contain provisions for allowing construction of six-storey wood buildings, as well as the introduction of a new "B3" class of building designed to fill the need for safe and affordable care facilities that fall between a hospital and a residential structure. The Alberta Building Code also adopted new energy codes for buildings and houses in the province, both to boost energy efficiency standards in Alberta and to keep provincial standards in line with

those used elsewhere in the country. The last Alberta building and fire codes were introduced in 2006, and the newly adopted codes are largely based on the 2010 national model code.

Feedback from stakeholders during review of the Alberta Building Code included concerns that municipalities and industry were not prepared to implement energy codes at the same time as the rest of the Alberta Building Code. To address these concerns, the National Energy Code for Buildings will go into force on November 1, 2015, and the new energy efficiency requirements for houses and small buildings will go into force on May 1, 2016. The delay before adoption has been added to allow for a transition period to support education and training for safety codes officers, as well as time for industry to adjust designs for compliance.

Facilitating Water Reuse

Work continues on the development of ways to facilitate reuse of grey water in Alberta. A plan that would allow for systems to be built in residential, public and commercial settings is progressing. The guidelines used in other jurisdictions have been studied for strategies that can be adopted in Alberta, and municipalities will play a key role in choosing how they want to administer water reuse in their communities. There is considerable interest in water reuse solutions in Southern Alberta, where there is limited access to water resources.

Priority Initiative 4.5: *Improve consumer protection and residential construction quality by administering the requirements set out in the New Home Buyer Protection Act.*

First Full Year of the *New Home Buyer Protection Act*

The *New Home Buyer Protection Act*, which came into force on February 1, 2014, has been successfully rolled out across the province, with 39,952 homes registered and 821 owner-builder authorizations granted. The administration of the requirements set out in the Act has been well-received, and the initial implementation provided an opportunity to address some issues.

Since the legislation was new, it was anticipated that stakeholders would need information to support successful implementation of the Act's requirements. Educational sessions targeting industry and permit issuers supported an increased understanding of the legislative framework, its interpretation, and their role in supporting the Act's objective of improving residential construction through increased builder accountability and improved consumer protection. The IT system had technical issues around the launch, and the office capacity did not initially meet client demand. These issues were identified early, and actions were taken that significantly improved the service levels for clients.

One significant achievement for this priority initiative was the publication of the *Construction Performance Guide for New Homes in Alberta*. In December 2014, the New Home Buyer Protection Office published the guide as an online resource to answer questions and provide guidance about the warranty process for the general public, homeowners, home buyers, builders, warranty providers and other stakeholders involved in the construction and sale of new homes.

In addition to providing a summary of key parts of the legislation, the guide lists a wide range of issues a resident may discover in the first few years of the life of a home, and details the coverage of specific issues under warranty and under what conditions it can be considered a defect under the *New Home Buyer Protection Act*. The guide was developed over two years in consultation with warranty providers and building industry stakeholders who are committed to its use. It can be downloaded free of charge from the Municipal Affairs website at **www.municipalaffairs.alberta.ca/home_warranties_performance_guide.cfm**.

Also in 2014-15, the Municipal Government Board was given the administrative responsibility for hearing appeals from decisions of the registrar under the *New Home Buyer Protection Act* and convened one hearing involving the New Home Buyer Protection Board.

Performance measure variance

As there was no significant performance measure variance for 4.a, no further analysis was required.

Goal 5: Alberta is better prepared for disasters and emergency events

Priority Initiative 5.1: *Work with federal, provincial and territorial governments to develop policy options for a provincial flood mitigation program.*

Following the 2013 Southern Alberta floods, the ministry recognized the need for flood mitigation policies and guidelines to reduce impact on individuals and governments from future floods. One of the major challenges this ministry faces is around the increasing damage that results from flooding and the subsequent increase to flood recovery costs.

The ministry, through the Alberta Emergency Management Agency (AEMA) is supporting the Environment and Sustainable Resource Development project to map out flood hazard areas. These maps will help to inform and prioritize future mitigation efforts. They will also help to establish rules on how recovery assistance will be provided in the case of future floods.

The ministry supports this priority initiative through its participation in federal-provincial-territorial discussions on emergency management, and contributing to emergency management approaches and initiatives on a national level. The ministry also has a central role in shaping the long-term policy and regulatory framework for emergency management in Alberta. The AEMA has established a working group with the Ministry of Environment and Sustainable Resource Development and other areas of Municipal Affairs to support intergovernmental work on emergency management, and co-ordinate Alberta's participation in the federal National Disaster Mitigation Program to cost share mitigation projects.

In order to maximize the funding for disaster recovery and mitigation efforts for Albertans, the GoA seeks federal cost sharing through Public Safety Canada's Disaster Financial Assistance Arrangements. To support these opportunities the GoA's disaster recovery programs are typically aligned with federal program guidelines.

The recent changes to the Disaster Financial Assistance Arrangements, that have raised the financial threshold from $1 per capita to $3 per capita for federal-provincial cost-sharing arrangements, will impact future disaster recovery efforts. This will be a significant challenge in future years as the Province will be unable to seek cost-sharing arrangements for incidents that do not meet the increased federal financial threshold. The Province will likely need to take on greater costs compared to previous years.

Priority Initiative 5.2: *Support the ongoing recovery efforts in response to the 2013 Alberta floods, including the provision of disaster recovery financial assistance to impacted Albertans.*

The 2013 Southern Alberta floods were the worst natural disaster in Alberta's history, and in response, the GoA established the 2013 Disaster Recovery Program, which is the largest disaster assistance program in Canadian history. The 2013 Disaster Recovery Program continues to be a priority for the ministry.

Through the disaster recovery program and other initiatives at Municipal Affairs, the ministry is forecasting to make available $1.7 billion in total funding since 2013 for recovery efforts arising from this disaster. Of this total, $215.7 million has been provided to impacted municipalities, and $114 million to affected individuals as of March 31, 2015. As of the 2014-15 fiscal year-end, the government had received 10,594 applications from private property owners for the 2013 Disaster Recovery Program and had fully funded 8,940 files.

Due to the unprecedented nature of the 2013 floods, the government faced many challenges within a short timeframe. Significant resources were required, including staff. The ministry increased its disaster recovery program staff through temporary contracts and internal secondments. Staff turnover, including management change, is an ongoing challenge. The high turnover means training has to be done more

often, which makes it difficult to maintain historical knowledge and continuity in the program.

There were many lessons that came out of the 2013 flood recovery process and these lessons were incorporated into recent improvements made to the way disaster recovery programs are administered. For example, one lesson was the importance of the timely scaling of resources so that they are ready when urgently required. Other lessons included:

- Disaster recovery program case management is most successful when using a dedicated case manager in a one-on-one approach.
- Having a community level presence in highly affected areas is the most valuable approach to communicate and work with local residents, and encourage program uptake.
- An independent and accelerated appeals process is a vital component of disaster recovery programs as it is a way to review and evaluate case management, identify program gaps and address applicant concerns.

These factors will be part of the model for future disaster recovery programs.

Changes that occurred in 2014 to the administration of disaster recovery programs were significant. Previously, all Alberta disaster recovery programs were contracted to a third-party service provider. Now, they will be handled in-house. While the in-house administration by the AEMA will result in higher administration costs, it provides greater oversight and co-ordination. It also means that Albertans can now interact directly with their government in the process of seeking disaster assistance. During the transition from third-party service provider to in-house administration, the agency maintained regular operations, which meant that staff had to learn and adapt quickly. The transition to in-house administration and the staff training process reduced the speed at which the disaster recovery program applications were processed. Orientation and training around administration of disaster recovery programs is ongoing for existing and newly hired staff.

To further support the disaster recovery programs, the ministry also built a robust and independent appeals system beginning in November 2013. The bulk of the appeals received so far relate to the 2013 floods, and the ministry had completed 982 appeals as of March 18, 2015, with 204 remaining. This resulted in an additional $12.3 million in assistance being paid to Albertans. There were a number of circumstances that contributed to additional funding being provided, including changes to DRP policy and guidance since the initial DRP decision; the provision of new information by applicants; and the discovery of additional damage that may not have been reported for the initial DRP decision (i.e., mould re-growth).

From September 27 to December 31, 2014, the ministry processed 624 appeals for the 2013 Disaster Recovery Program.

There were a number of challenges to the appeals process, including staff turnover and a larger than anticipated volume of applications. The appeals process was valuable for identifying ways to improve future disaster recovery programs. In particular, the ministry recognized that extraordinary events, such as the 2013 floods, stretched the boundaries of the Alberta Disaster Assistance Guidelines and that a more comprehensive disaster policy framework was needed to accommodate unique situations.

The 2013 floods also resulted in a dramatic increase in the number of appeals to the Minister of Municipal Affairs, which is the final stage of the DRP process. As a result, changes are being made to handle this unprecedented volume. The appeals process also indicated good communication with residents about the program guidelines was important to the overall success of a disaster recovery program.

The lessons learned from the 2013 floods and disaster recovery program informed the design of the 2014 Disaster Recovery Program. In June 2014, extreme rainfall resulted in widespread flooding in Southern Alberta. A disaster recovery program was established to assist those who were impacted, with approximately $30.7 million in assistance.

As a result of the lessons learned from responding to the catastrophic floods of 2013, the ministry's approach to disaster recovery programs has been adapted.

Also in support of this priority initiative, in 2014-15, the Municipal Government Board was given the responsibility to hear appeals from disaster advisory recovery referrals and, as a result, convened seven disaster advisory recovery referral hearings.

Priority Initiative 5.3: *Strengthen the prevention, mitigation and preparedness efforts of public safety partners to decrease the level of response and recovery efforts needed.*

The GoA was already engaged in various disaster mitigation initiatives prior to the 2013 floods, but not on the scale required for the extreme disasters the province could experience. The value of enhanced prevention, mitigation and preparedness efforts became more apparent during and after the 2013 floods. In 2014-15, the ministry made mitigation a priority and worked with public safety partners on mitigation-related initiatives.

For the first time, the ministry offered mitigation funding through a disaster recovery program. Eligible applicants who were impacted by the 2013 floods received mitigation funding to make improvements to their properties to protect them against future floods. This proactive approach to disaster management will prevent long-term recovery costs for Albertans.

In the process of administering disaster recovery program mitigation funding, Municipal Affairs encountered a number of challenges. The initial response to the mitigation funding was less than expected. Only about a third of eligible property owners (1,029 applicants out of just under 3,000 eligible owners) indicated intent to mitigate. One of the reasons for the low uptake was the onus was on applicants to identify and perform the work themselves prior to submitting claims. Applicants expressed concerns about limited funding and difficulty finding contractors to perform the mitigation work. To address these challenges and refine the program, the ministry provided extensions to deadlines, determined on a case-by-case basis. In addition, the ministry also provided clarification on eligibility and funding limits to reduce the number of ineligible applications, and encourage more eligible residents to apply.

The 2013 Southern Alberta Disaster Recovery Program had a target to process 90 per cent of the mitigation funding applications by June 2015. To meet this target, the ministry increased its processing capacity by adding four additional staff and one part-time processing staff. It is expected the lessons learned in this first-ever mitigation funding program will be invaluable in developing similar programs in the future.

Alberta's disaster readiness is dependent on the capacity and preparedness of all cities, towns and communities across the province. In addition to supporting individual applicants, the ministry had also been working with 30 communities affected by the 2013 floods through the Flood Readiness Grants program so communities have the necessary supplies and equipment to respond to floods. Having supplies on hand at all times will increase local capacity to respond to sudden floods. A key achievement for the ministry is the establishment of a common provincial stockpile in Southern Alberta. This stockpile was also established under the Flood Readiness Grants program, but unlike the supplies and equipment at the community level, the provincial stockpile, which consists of items such as generators, pumps, sand bag machines and tiger dams, are available to any community in the province should an emergency arise.

In addition to the preventive work, the ministry also conducted a thorough review process. The lessons learned from recent disasters continue to inform both ongoing and new activities. In 2013, the GoA completed an internal review around the flood recovery. To augment this review, the ministry conducted a similar process with external stakeholders in 2014 and early 2015. The information gathered in these reviews was incorporated into a Best Management Practices Report, which will serve as a strategic and operational guide, and will ensure the provincial government is positioned to respond to future disasters in a meaningful and timely manner.

In 2014-15, three main stakeholder events were held to engage community partners in education, training and discussions. In May 2014, a provincewide Emergency Preparedness Week was held. In November 2014, the ministry hosted the sixth annual Alberta Emergency Management Agency and Office of the Fire Commissioner Stakeholder's Summit, which brought nearly 400 public safety professionals together for professional development

and networking. In early 2015, the ministry hosted seven emergency management workshops in municipalities that were attended by over 200 individuals. Together, these outreach events helped to strengthen existing relationships and build new ones with both municipalities and the public, which will enable the ministry to work collaboratively on future initiatives.

Priority Initiative 5.4: *Work collaboratively with other ministries and stakeholders, including other governments, to develop a co-ordinated public safety system for disaster and emergency events that supports legislative authority and timely decision-making.*

The public safety system is broad and includes overlapping areas of expertise and responsibilities. Collaboration and co-ordination among key stakeholders and partners is essential for the system to function well. In 2014-15, the ministry increased collaboration with other ministries, all levels of government, First Nations communities and other non-governmental emergency management partners. These efforts served to strengthen relationships and draw together the widest levels of experience and expertise across the province. Ultimately, they contribute to a shared vision for Alberta's public safety system.

In addition to its contributions to the public safety committee, the ministry also continued to be a part of the Cross-ministry Working Group on floodway policy. The work of this committee will lead to more responsible land-use planning and development in flood hazard areas.

The ministry acquired a new provincial incident management software. This new application is a commercial, off-the-shelf software known as Alberta DisasterLAN, or ABDLAN, which provides enhanced communication, data management, information sharing and integration of geographic information systems. These new capabilities allow responders across the province to have common situational awareness of incidents and facilitate coordination among emergency management stakeholders.

Over three days in February 2015, the AEMA co-ordinated the Emergency Management Exercise 2015, or EMX15, on behalf of the GoA. This exercise was the largest exercise of its kind ever planned and conducted in the province. It had participants from all levels of government, industry, First Nations communities, and the broader emergency management sector. The intent of the exercise was to validate some of the lessons learned from recent emergencies and to provide an opportunity for emergency management officials to learn, practice, and improve their roles and responsibilities in an emergency response situation. A post-exercise review indicated that overall, participants found EMX15 to be a valuable training experience. It contributed to their knowledge of Alberta's emergency management framework, provided hands-on training and enabled them to network with their emergency management partners.

The emergency management exercise is part of a series, and the AEMA is planning the next exercise. Frequent joint training exercises ensure all partners in the public safety system are familiar and comfortable with the Province's emergency response system and are prepared to perform their duties in the event of an emergency or disaster. Together, ABDLAN and the simulation exercises help to ensure public safety partners have the tools and practical training required to participate in a co-ordinated emergency response.

In terms of provincial operations elevations and provincewide emergency response, 2014 was relatively quiet compared to the previous year. In June 2014, the Provincial Operations Centre was elevated to level three for six days in response to moderate flooding caused by heavy rainfall in Southern Alberta. Level four is the highest level possible for the Provincial Operations Centre and would require government-wide co-ordination. The June 2014 elevation was highly successful and leveraged many of the lessons learned from 2013. Based on these lessons and the capacity improvements within the public safety system, the GoA, through the Provincial Operations Centre, was able to provide advance notifications and support to communities at risk of flooding.

The Provincial Operations Centre Augmentation Program offers emergency management and Provincial Operations Centre training to participants from across the GoA so they can perform response functions in the centre during emergencies and disasters. The program accepted new participants in 2014 and now has almost a hundred trained participants from across government.

Emergency management is a shared responsibility, and agreements are an important part of working together with a co-ordinated response to disasters. Throughout the last fiscal year, the ministry also made significant strides in negotiating and establishing agreements with partners. The GoA signed a Memorandum of Agreement with the State of Montana that now provides the framework for mutual aid during emergencies and for developing co-operation and co-ordination on regional emergency management. This means the GoA has the opportunity to work jointly with a regional partner to plan and train for emergencies unique to our region and to seek and offer disaster assistance when needed.

Many communities across Alberta have unique emergency management needs. For example, First Nations communities have distinct emergency management challenges. In 2014-15, the ministry also negotiated and signed a 10-year funding agreement between the Province and Aboriginal Affairs and Northern Development Canada on emergency management services for Alberta's 46 First Nations communities. It will fund an increase of First Nations / Métis Community Emergency Management Field Officers from two to four, as well as the provision of a First Nations Field Manager and administrative support. The AEMA and the federal government continue to work collaboratively around emergency management support on reserves. Emergency management and disaster costs continue to increase over time, and this agreement provides for long-term sustainable funding to address these challenges. It also provides for additional resources dedicated solely to First Nations emergency management.

Agreements provide a mechanism for setting out roles and responsibilities, as well as regional approaches to emergency management. Through these agreements, the Province is also able to share the cost of emergency management with federal and state partners, which reduces budgetary pressures.

Training, interoperability and sound emergency management plans are key to resiliency. After the 2013 floods, there was a need for increased capacity within the AEMA's field operations. Field officers are the primary point of contact between the AEMA and communities. In 2014-15, the number of AEMA field officers doubled from nine to 18, and administrative support for field operations increased. These additional resources increased the AEMA's ability to communicate and stay engaged with communities.

The AEMA developed the Community Emergency Management Program (CEMP). The CEMP is a new online tool that provides communities, through their directors and deputy directors of emergency management, access to emergency management planning resources to help them develop emergency management plans. For the first time, communities will have a standard, readily accessible resource to help them plan for emergencies regardless of their size and location so that there is a common provincial approach to emergency management. One of the components of CEMP is an online risk assessment tool that allows communities to identify their risks using the Hazard Identification and Risk Assessment methodology. The communities with data in the CEMP will assist the interministerial working group in their completion of an all-hazards risk assessment for the province.

Overall, 2014-15 was an active year for collaboration and partnerships, and the AEMA worked with ministries and stakeholders to build a stronger public safety system and a more resilient province. The ministry achieved its objectives related to provincial response co-ordination and intergovernmental negotiations, and as the AEMA continues to take on new initiatives, the value of internal and external collaboration is increasingly recognized. It is anticipated future years will involve even greater co-operation and partnership, however, the challenge going forward will be to sustain the level of engagement and joint work witnessed this past year.

Priority Initiative 5.5: *Work with partners to enhance research, training, certification and standards in emergency management, emergency social services, public alerting and integration of emergency data and information systems.*

Building regional capacity is a substantial component of Alberta's emergency management framework. In 2014-15, the AEMA expanded its emergency management training and development activities in support of building regional capacity. Working with certifying organizations, other ministries, and post-secondary institutions, the ministry identified best practices in emergency management and training, and incorporated these findings into the training.

This past fiscal year, the focus was on the training development aspect of the initiative. This allowed the ministry to dedicate efforts around training its trainers and to research the best practices around emergency management more extensively. Areas of interest include emergency social services and expansion of the AEMA training into post-secondary emergency management programs. One of the lessons learned from recent events is people experiencing disasters require emergency social services. To address this, the ministry has been working with the Ministry of Human Services and Alberta Health Services to incorporate a support services component into training. As emergency management is a rapidly growing field and has relevance in Alberta, the ministry also initiated discussions to include AEMA training in post-secondary emergency management programs.

A significant milestone in 2014-15 was the launch of a mobile alerting application as part of the Alberta Emergency Alert program. Over 26,000 Albertans receive alerts through this new smartphone application. Alberta Emergency Alert is the provincial public alerting system, and Albertans rely on it to inform them about life-threatening events such as AMBER Alerts, wildfires, and floods. In addition to the mobile application, Alberta Emergency Alert has a variety of effective ways to issue public alerts including radio, TV, a public website, and social media. In 2014, Alberta Emergency Alert's social media presence increased by 49 per cent with 131,000 followers on Twitter and Facebook. The Alberta Emergency Alert website had a 12 per cent increase in traffic during the year.

In 2014-15 the Canadian Radio and Television Commission ruled that all broadcasters in the country must begin issuing emergency alerts by March 31, 2015. This meant the GoA needed to work with broadcasters in our province to ensure they are prepared to issue our alerts by the deadline. To support this initiative, the GoA approved $1 million in one-time funding to expand the number of Alberta Emergency Alert broadcasters and to strengthen the infrastructure of this important public safety system. As Alberta Emergency Alert is a national leader in alerting, the AEMA provided best practices to other jurisdictions to help them implement their alerting systems.

To continue endorsing Alberta Emergency Alert, the AEMA attended various public events and met with municipalities, First Nations communities and broadcasters, and hosted a National Public Alerting Summit in February 2015.

Priority Initiative 5.6: *Implement legislative and funding supports for local delivery of 911 services in Alberta.*

On April 1, 2014, the *Emergency 911 Act* came into force in Alberta. Since then, wireless telecommunications providers have been collecting a monthly 911 levy on cellphones, and remitting it to the GoA. The 911 cellphone levies are important because up to 75 per cent of 911 calls come from cellphones. By the end of 2014-15, the 911 Program will have granted over $13.7 million to Alberta's 911 centres. In order to achieve this priority initiative, two new regulations (the Emergency 911 Levy Regulation and the Emergency 911 Grants Regulation) have been established to enable the Ministry of Treasury Board and Finance to collect 911 levies and the AEMA to establish grant agreements with the twenty-one 911 call centres across the province.

Revenue from the levies was about 2.3 per cent less than estimated. This means that the 911 Program's budget was lower than planned for fiscal 2014-15. This is because the 911 Program budget was made before wireless telecommunications providers started remitting 911 levies to the GoA. The program will be able to make more accurate projections for future years based on the actual revenue from the first year. It is estimated that $15.2 million will be granted out to Alberta's 911 centres in 2015-16. The revenue from the levies will be instrumental in upgrading existing 911 networks to support emerging technologies such as texting, images, video, and additional data such as telematics.

Performance measure variance

The following section explains the results of **performance measure 5.a,** "Percentage of claims where a member of the damage assessment team arrives on-site within 30 days of a claim being received," as there was a significant variance from the target.

The target of 100 per cent was not met; the actual result was 66 per cent.

The AEMA received 350 private applications between April 1, 2014 and March 31, 2015. These applications were reviewed for eligibility according to DRP criteria: of the 278 eligible claims received, 183 had a member of the damage assessment team on-site within 30 days of being received.

The shortfalls that impacted performance around this measure include:

- a major transition for the DRP, which involved shifting the administration function from a private sector provider to within the AEMA;
- critical staff resource pressures around the DRP transition from the private sector provider to the GoA;
- a steep learning process for new and existing staff regarding the new DRP administration;
- lack of a comprehensive data management system;
- high staff turnover, including management, making it difficult to maintain continuity among DRP staff; and
- the continued impact of the 2013 floods on DRP operations and AEMA operations, including DRPs prior to 2013.

The AEMA planned for the transition of the DRP administration from the private sector to the GoA by meeting with the private sector provider and arranging to transfer data, obtain the database, and gather information on program procedures. Transition planning did not address the in-depth challenges related to operational timelines or transition from a private provider to the government. In particular, planning should have considered the overlap of establishing the DRP administration in-house while simultaneously running the 2014 DRP.

One of the three evaluators assigned to the 2014 DRP also worked on reassessments for the 2013 DRP applications at the same time.

Due to limited staff resources, there were only three in-house staff evaluators to conduct all 278 evaluations, which is substantially fewer than the private sector provider.

Up until 2014-15 (over the past 21 years), the administration of most DRPs was contracted to a third-party service provider. The transition provides greater oversight and co-ordination of the DRP for

the ministry. The change required additional staff as well as a substantial amount of training and orientation. In addition to building staff capacity, the AEMA had to adopt and implement a new case management system, import the third-party providers existing database with limited database functions, conduct a thorough review of DRP grant processes, and continue to process claims at the same time.

Performance measure variance

The following section explains the results of **performance measure 5.b,** "Level of preparedness as measured by the percentage of municipalities that have conducted an emergency management exercise in the last four years," as there was a significant variance from the target.

The target of 90 per cent was not met; the actual result was 82 per cent.

An analysis based on population shows that the municipalities that conducted an emergency management exercise in the last four years represent 96.4 per cent of Alberta's population. This is a small decrease of 1.2 per cent from the last four year rolling average. The population information is based on the Municipal Populations List on the Municipal Affairs website and indicates a growth in population from 2013 to 2014.

One factor that reduced the actual results was, under the *Emergency Management Act*, no municipality can be compelled to exercise. A risk management approach is applied, with priority given to municipalities where the risk, as represented by the hazard and the population, is the highest. In the last fiscal year, the AEMA increased the number of its field officers from seven to 14. Additionally, the field operations mandate saw the inclusion of training to their portfolio, which significantly impacted their ability to assist with community exercises.

Another factor in this result is the fact that field operations staff have been actively involved in the disaster recovery phase for both the 2013 and 2014 Alberta floods.

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** NOTE: The unaudited financial information being presented here was derived from the December 31, 2014, financial statements of each Improvement District.*

Ministry of Municipal Affairs

Consolidated Financial Statements

March 31, 2015

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Independent Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Municipal Affairs, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Municipal Affairs as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 12, 2015

Edmonton, Alberta

MINISTRY OF MUNICIPAL AFFAIRS
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2015
(in thousands)

	2015		2014
	Constructed Budget (Schedule 3)	Actual	Actual (Restated - Note 3)
Revenues (Schedule 1)			
Government Transfers			
Federal Government Grants	$ 214,653	$ (205,438)	$ 1,663,040
Premiums, Fees and Licenses	25,390	32,355	8,948
Investment Income	161	689	397
Other Revenue	8,647	788,451	18,072
	248,851	616,057	1,690,457
Expenses - Directly Incurred (Note 2(b) and Schedule 5)			
Programs (Schedule 2)			
Ministry Support Services	18,877	15,099	16,420
Local Government Services	31,871	25,900	25,121
Municipal Sustainability Initiative	1,244,100	1,638,337	1,144,914
Federal Grant Programs	220,652	223,341	212,925
Grants in Place of Taxes	59,695	59,595	57,634
Alberta Community Partnership	48,839	48,423	29,030
Public Safety	17,729	14,100	17,137
Alberta Emergency Management Agency	28,079	65,873	83,729
Municipal Government Board	4,888	4,450	4,124
Library Services	32,515	32,662	32,463
2013 Alberta Flooding (Note 15)	59,500	45,981	2,427,583
Safety Codes Council	6,773	7,959	7,085
	1,773,518	2,181,720	4,058,165
Net Operating Results	$ (1,524,667)	$ (1,565,663)	$ (2,367,708)

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2015
(in thousands)

	2015	2014 (Restated - Note 3)
Assets		
Cash and Cash Equivalents (Note 4)	$ 1,918	$ 1,458
Accounts Receivable (Note 5)	568,559	1,038,764
Portfolio Investments (Note 6)	9,159	6,604
Tangible Capital Assets (Note 8)	6,551	4,440
	$ 586,187	$ 1,051,266
Liabilities		
Accounts Payable and Accrued Liabilities	$ 1,453,708	$ 2,112,550
Deferred Revenue (Note 9)	901	5,938
	1,454,609	2,118,488
Net Liabilities		
Net Liabilities as adjusted at Beginning of Year	(1,067,222)	(46,901)
Net Operating Results	(1,565,663)	(2,367,708)
Net Financing Provided from General Revenues	1,764,463	1,347,387
Net Liabilities at End of Year	(868,422)	(1,067,222)
	$ 586,187	$ 1,051,266

Contingent Liabilities and Contractual Obligations (Notes 10 and 11)

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended March 31, 2015
(in thousands)

	2015 Actual	2014 Actual (Restated - Note 3)
Operating Transactions		
Net Operating Results	$ (1,565,663)	$ (2,367,708)
Non-cash items included in Net Operating Results:		
Amortization of capital assets (Note 8)	1,954	1,650
Loss on Disposal of Tangible Capital Assets	6	20
	(1,563,703)	(2,366,038)
Decrease (Increase)in Accounts Receivable	470,205	(869,061)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(658,842)	1,891,304
(Decrease) Increase in Deferred Revenue	(5,037)	1,258
Cash Applied to Operating Transactions	(1,757,377)	(1,342,537)
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 8)	(4,071)	(2,366)
Cash Applied to Capital Transactions	(4,071)	(2,366)
Investing Transactions		
Purchase of Portfolio Investments	(2,786)	(7,567)
Sale of Portfolio Investments	231	6,271
Cash Applied to Investing Transactions	(2,555)	(1,296)
Financing Transactions		
Net Financing Provided from General Revenues	1,764,463	1,347,387
Cash Provided by Financing Transactions	1,764,463	1,347,387
Increase in Cash and Cash Equivalents	460	1,188
Cash and Cash Equivalents at Beginning of Year	1,458	270
Cash and Cash Equivalents at End of Year	$ 1,918	$ 1,458

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Municipal Affairs operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also disclosed in Note 2(a).

The ministry consists of the Department of Municipal Affairs and the Safety Codes Council. The ministry supports the Government of Alberta strategic goal to honour Alberta's communities by supporting municipalities and their communities and by coordinating fire services and safety codes frameworks, and emergency management systems.

As a result of the ministry's review of its goals, environment, opportunities and challenges, a number of priority initiatives have been identified:

- Albertans live in viable municipalities and communities with collaborative and accountable local governments
- Fair, timely, and well-reasoned decisions are provided on matters before the Municipal Government Board
- Albertans are safe in the places they live, work and play
- Alberta is better prepared for disasters and emergency events

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Ministry of Municipal Affairs for which the Minister of Municipal Affairs is accountable. The *Government Organization Act* defines a ministry as including the department and any provincial agency and crown-controlled organization for which the minister is responsible. These consolidated financial statements include the accounts of the Department of Municipal Affairs (*Government Organization Act*) and the Safety Codes Council (*Safety Codes Act*). The ministry is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, the activities of which are not included in these consolidated financial statements except by way of disclosure in Note 13.

The year-end for the Safety Codes Council is December 31. All transactions of the Safety Codes Council that occurred between January 1, 2015 to March 31, 2015 and were with the Department of Municipal Affairs, have been recorded and subsequently eliminated upon consolidation. All other transactions of the Safety Codes Council which occurred between January 1, 2015 to March 31, 2015 that are $1 million or greater and significantly affect the consolidated accounts, have been recorded.

The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing Provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting

Revenue accounting policy

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the ministry's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

Transfers from the Government of Canada

Transfers from the Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria, if any, are met and a reasonable estimate of the amounts can be made.

The ministry recognizes Disaster Financial Assistance Arrangements revenue when the Government of Canada issues an Order in Council declaring the Alberta disaster to be of a concern to the Government of Canada. Because the accounts receivable from the Government of Canada for Disaster Financial Assistance Arrangements is based on an estimate, adjustments to the accounts receivable are reflected in current year revenue.

Expenses

Directly Incurred

Directly Incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs, which are the cost of employer contributions for current service of employees during the year, and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Grants are recognized as expenses when authorized, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Expenses (Cont'd)

Incurred by Others

Services contributed by other entities in support of the ministry operations are not recognized and are disclosed in Schedule 4 and allocated to programs in Schedule 5.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the ministry are limited to cash and cash equivalents, financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included.

Tangible capital assets of the ministry are recorded at historical cost and, except for land, are amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recorded at their fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is in use.

When physical assets (tangible capital assets) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Liabilities

Net liabilities represent the difference between the carrying value of assets held by the ministry and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The ministry operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Accrued liabilities for the Disaster Recovery Program, disclosed as $798,560 (2014 – $1,949,890) in these consolidated financial statements are subject to measurement uncertainty. Included in this amount is $699,288 (2014 - $1,850,481) for 2013 Alberta Flooding.

A portion of the Government of Canada accounts receivable, $559,893 (2014 – $1,035,871) is related to Disaster Recovery Programs that meet the eligibility criteria of the Disaster Financial Assistance Arrangements. Included in this amount is $494,973 (2014 - $918,074) for 2013 Alberta Flooding. The nature of the uncertainty for the Government of Canada accounts receivable and Disaster Recovery Program accrued liabilities arises from changes in the actual disaster costs to the estimated disaster costs. These changes can be attributed to such factors as inflation rate fluctuations in local construction costs, receipt of eligible claims, and the extent of the damage as it is identified.

While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

Financial Instruments

Financial instruments consist of Accounts Receivable, Portfolio Investments, Accounts Payable and Accrued Liabilities, and Deferred Revenue. They are initially recognized at cost and subsequently carried at amortized cost. Write-downs on financial assets are recognized when the amount of a loss is known with sufficient precision, and there is no reasonable expectation of recovery.

Risk Management

The ministry has minimal exposure to market price risk, liquidity risk, credit risk and interest rate risk due to the nature of its operations. Market price risk related to portfolio investments is managed through investment guidelines and policies, as monitored by management and the investment manager. Liquidity risk is minimized given the cash and cash equivalent balance within the ministry and maintaining a diverse and quality portfolio of investments in pooled funds. Exposure to credit risk is reduced as the primary creditors of the ministry are the Government of Alberta and the federal government. Credit risk is further managed by investing portfolio investments in diversified pooled funds. Guidelines and investment policies are set for portfolio investments and monitored by management and the investment advisor.

(c) Future Accounting Changes

PS 3450 Financial Instruments

In June 2011 the Public Sector Accounting Board issued this accounting standard and subsequently extended the effective date to April 1, 2016 from April 1, 2015.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(c) Future Accounting Changes (Cont'd)

The ministry has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments. Management is currently assessing the impact of these standards on the financial statements.

NOTE 3 GOVERNMENT REORGANIZATION

Effective April 1, 2014, responsibility for the Basic Municipal Transportation Grant and Federal Gas Tax Fund Programs were transferred from the Ministry of Transportation to the Ministry of Municipal Affairs. Also, effective April 1, 2014 was the transfer of three public affairs officers from the Public Affairs Bureau. As a result of a designation and transfer of responsibility amendment regulation announced on July 23, 2014, the Ministry of Municipal Affairs was transferred the responsibility for the Building Canada - Communities Component of the Federal Grants Programs (Order in Council 312/2014) from the Ministry of Transportation.

On September 15, 2014, a designation and transfer of responsibility amendment regulation announced the Ministry of Seniors was transferred responsibility for the administration of the Alberta Housing Act and Housing program (Order in Council 373/2014).

Comparatives for 2014 have been restated as if the ministry had always been assigned with its current responsibilities. The following is a summary of the effect of the program transfers to the 2013-14 consolidated financial statements:

	2014				
	As Previously Reported	Transfer to the Ministry of Seniors	Transfer from the Ministry of Transportation	Transfer from Executive Council	As Restated
Revenues	$ 1,577,884	$ (91,547)	$ 204,120	$ -	$ 1,690,457
Expenses	3,811,542	(215,557)	461,839	341	4,058,165
Net Operating Results	(2,233,658)	124,010	(257,719)	(341)	(2,367,708)
Net Financing Provided from General Revenues	$ 1,308,079	$ (218,751)	$ 257,718	$ 341	$ 1,347,387
Opening Net Assets (Liabilities)	486,662	(527,903)	(5,660)	-	(46,901)
Net Liabilities at March 31, 2014	$ (438,917)	$ (622,644)	$ (5,661)	$ -	$ (1,067,222)

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short term securities with a maximum term to maturity of three years. As at March 31, 2015, securities held by the Fund have a time-weighted return of 1.2% per annum (2014 – 1.2% per annum). Due to the short term nature of CCITF investments, the carrying value approximates fair value.

NOTE 5 ACCOUNTS RECEIVABLE

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2015			2014
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value (Restated - Note 3)
Government of Canada	$ 564,197	$ -	$ 564,197	$ 1,036,441
Other	4,417	(55)	4,362	2,323
	$ 568,614	$ (55)	$ 568,559	$ 1,038,764

NOTE 6 PORTFOLIO INVESTMENTS

(in thousands)

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Interest Bearing Securities [1]				
Deposits and short-term securities	$ 8	$ 8	$ 12	$ 12
Bonds and mortgages	5,276	5,343	3,368	3,370
	5,284	5,351	3,380	3,382
Equities				
Pooled Investment Funds	3,875	3,925	3,224	3,469
	$ 9,159	$ 9,276	$ 6,604	$ 6,851

[1] Following is the maturity structure based on principal amount:

	2015	2014
Under 1 Year	3%	1%
1 to 5 Years	22%	28%
6 to 10 Years	39%	41%
11 to 20 Years	6%	8%
Over 20 Years	30%	22%
	100%	100%

NOTE 7 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

(in thousands)

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash and Cash Equivalents, Accounts Receivable (excluding disaster recovery accounts receivable) and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Disaster Recovery accounts receivable $559,893 (2014 – $1,035,871), as included in the Government of Canada accounts receivable, is a long term financial instrument and non-interest bearing. As a result, the ministry believes the fair value of this financial instrument to be less than its carrying value. However, due to the uncertainty as to the eventual collection or repayment date of this financial instrument, the ministry is unable to estimate the fair value.

NOTE 8 TANGIBLE CAPITAL ASSETS

(in thousands)

	Equipment[1]	Leasehold Improvements	Computer Hardware and Software	2015 Total	2014 Total
Estimated useful life	5 years	Over lease term	3-5 years		(Restated - Note 3)
Historical Cost					
Beginning of Year	$ 3,044	$ 1,024	$ 19,693	$ 23,761	$ 21,581
Additions	16	-	4,055	4,071	2,366
Disposals, including write-downs	(6)	-	(19)	(25)	(186)
	$ 3,054	$ 1,024	$ 23,729	$ 27,807	$ 23,761
Accumulated Amortization					
Beginning of Year	$ 2,182	$ 442	$ 16,697	$ 19,321	$ 17,837
Amortization expense	172	104	1,678	1,954	1,650
Effect of disposals	(5)	-	(14)	(19)	(166)
	$ 2,349	$ 546	$ 18,361	$ 21,256	$ 19,321
Net book value at March 31, 2015	$ 705	$ 478	$ 5,368	$ 6,551	
Net book value at March 31, 2014	$ 862	$ 582	$ 2,996		$ 4,440

[1] Equipment includes office equipment and emergency mobile command and coordination vehicles.

NOTE 9 DEFERRED REVENUE

(in thousands)

	Federal Gas Tax Fund	Other	2015 Total	2014 Total (Restated - Note 3)
Unearned Revenue [1]				
Balance, beginning of year	$ 5,659	$ 279	$ 5,938	$ 171
Received/receivable during the year	208,650	752	209,402	201,666
Less amounts recognized as revenue	(213,683)	(756)	(214,439)	(195,899)
Balance, end of year	$ 626	$ 275	$ 901	$ 5,938

NOTE 10 CONTINGENT LIABILITIES

(in thousands)

The ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The ministry has been named in three (2014 – three) claims of which the outcome is not determinable. Of these claims, three (2014 – three) have specified amounts totalling $8,990 (2014 – $8,990). Included in the total claims, one claim totalling $5,500 (2014 – one claim totalling $5,500) is covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

NOTE 11 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2015	2014 (Restated - Note 3)
Contracts[1]	$ 29,756	$ 67,991
Agreements[2]	5,146,100	6,446,000
	$ 5,175,856	$ 6,513,991

(1) Includes contracts for supplies and services and an operating lease for office space.

(2) Agreements of $5,146,100 relate to the Municipal Sustainability Initiative. This is an agreement which began in 2007-08 between the Ministry of Municipal Affairs and Alberta municipalities for capital and operating purposes. The funding is subject to the annual appropriation of the Legislature.

NOTE 11 CONTRACTUAL OBLIGATIONS (Cont'd)

(in thousands)

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Contracts	Agreements	Total
2015-16	$ 8,778	$ 527,100	$ 535,878
2016-17	5,916	876,000	881,916
2017-18	5,332	876,000	881,332
2018-19	4,912	876,000	880,912
2019-20	4,818	805,900	810,718
Thereafter	-	1,185,100	1,185,100
	$ 29,756	$ 5,146,100	$ 5,175,856

NOTE 12 BENEFIT PLANS

(in thousands)

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $6,561 for the year ended March 31, 2015 (2014 (restated Note 3) – $6,522). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2014, the Management Employees Pension Plan reported a surplus of $75,805 (2013 – surplus $50,457), the Public Service Pension Plan reported a deficiency of $803,299 (2013 – deficiency $1,254,678) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $17,203 (2013 – deficiency $12,384).

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2015, the Bargaining Unit Plan reported an actuarial surplus of $86,888 (2014 – surplus $75,200) and the Management, Opted Out and Excluded Plan an actuarial surplus of $32,343 (2014 – surplus $24,055). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 13 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the ministry's financial statements.

The financial statements of the following trust funds are prepared on a calendar year basis and the net assets as disclosed in the audited financial statements of the trust funds for December 31, 2014 and December 31, 2013 are as follows:

	2014	2013
Special Areas Trust Account	$ 283,344	$ 270,611
Improvement Districts' Trust Account	19,101	15,010
	$ 302,445	$ 285,621

NOTE 14 PAYMENTS UNDER AGREEMENT

(in thousands)

The ministry has entered into agreements to deliver programs and services that are fully funded by:

- Public Safety Canada to deliver the Joint Emergency Preparedness Program which is designed to provide financial assistance, on a cost-shared basis with municipalities, to fund projects that will develop or enhance a regional emergency response capability.
- Aboriginal Affairs and Northern Development Canada to deliver the Alberta First Nations Emergency Management Support Program.

Costs under these agreements are incurred by the ministry under authority in Section 25 of the *Financial Administration Act*. Accounts receivable includes $855 (2014 – $515) and accounts payable includes $19 (2014 – $1) relating to payments under agreement.

Amounts paid and payable under agreements with program sponsors are as follows:

	2015	2014
First Nations Emergency Management Support Program	$ 874	$ 843
Joint Emergency Preparedness Program	-	32
	$ 874	$ 875

NOTE 15 2013 ALBERTA FLOODING

(in thousands)

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, agriculture, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the department through the authority of the *Disaster Recovery Regulation*.

The ministry recognizes the DRP expense when the Government of Alberta issues an Order in Council. For the 2013 Alberta Flooding this occurred on June 25, 2013.

The ministry recognizes Disaster Financial Assistance Arrangements (DFAA) revenue when the Government of Canada (GoC) issues an Order in Council (OiC) declaring the Alberta disaster to be of a concern to the GoC. For the 2013 Alberta Flooding this occurred on July 3, 2013 through OiC 162.

The estimate of DFAA revenue from the GoC is determined by assessing eligible DRP expenses under the DFAA guidelines. As a result, some DRP expenses have been excluded from the DFAA revenue. The ministry will continue to pursue revenue from the GoC for expenses that are currently excluded from the DFAA guidelines.

The DRP expense and DFAA revenue are both calculated based on management estimates (Note 2(b)). During 2015, the projected DRP expense and DFAA revenue were adjusted to reflect management's best estimate of the remaining obligations of the DRP and expected DFAA revenue.

Also, the Province's flood recovery initiatives included non-disaster recovery programs (non-DRP). The ministry recognizes non-DRP expenses when the expense recognition criteria are met.

For both the DRP and non-DRP, the expenses are net of recoveries from insurance and other third parties.

NOTE 15 2013 ALBERTA FLOODING (Cont'd)

(in thousands)

	2015	2014
Consolidated Statement of Operations		
Revenue		
Disaster Financial Assistance Arrangements (GoC) [1]	$ (423,101)	$ 1,418,074
Prior Year Expenditure Refunds [2] [3]	755,876	
Expenses		
2013 Alberta Flooding		
Disaster Recovery Program [2]	-	2,405,360
Non Disaster Recovery Program	45,981	22,223
	45,981	2,427,583
Consolidated Statement of Financial Position		
Accounts Receivable (GoC) [1]	494,973	918,074
Accounts Payable and Accrued Liabilities [4]	699,288	1,850,481

[1] In 2014, the total estimated GoC revenue was $1,418,074. This amount was adjusted in 2015 by ($423,101) as a result of changes in estimated future DRP costs; consequently, the total estimated GoC revenue is now $994,973. Accounts Receivable of $494,973 reflects a $500,000 advance received in March 2014.

[2] In 2014, total estimated DRP expense was $2,405,360. This amount was adjusted in 2015 by ($755,876) as a result of changes in estimated future DRP costs; consequently, the total estimated DRP expense is now $1,694,484.

[3] Prior Year Expenditure Refunds (PYER) is the result of decreases to the total estimated DRP expense estimated in prior years.

[4] Accounts Payable and Accrued Liabilities decreased by $1,151,193. The decrease was a result of payments of $395,317 and change in estimates of $755,876.

NOTE 16 COMPARATIVE FIGURES

Certain 2014 figures have been reclassified to conform to the 2015 presentation.

NOTE 17 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the senior financial officer and the deputy minister.

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS **Schedule 1**
REVENUES
Year ended March 31, 2015
(in thousands)

	2015		2014
	Constructed Budget	Actual	Actual (Restated - Note 3)
Federal Government Grants			
Disaster Financial Assistance Arrangements [1]	-	(423,978)	1,459,087
Federal Grant Programs	214,653	218,524	204,121
Other	-	16	(168)
	214,653	(205,438)	1,663,040
Premiums, Fees and Licences	25,390	32,355	8,948
Investment Income	161	689	397
Other Revenue			
Current Expenditure Refunds	4,794	4,603	4,696
Prior Year Expenditure Refunds	-	783,346	13,297
Miscellaneous	3,853	502	79
	8,647	788,451	18,072
	$ 248,851	$ 616,057	$ 1,690,457

[1] Disaster Financial Assistance Arrangements includes an adjustment of ($423,101) as a result of changes in estimated future 2013 Alberta Flooding DRP costs - see note 2(b).

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS **Schedule 2**
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2015
(in thousands)

	2015		2014
	Constructed Budget	Actual	Actual (Restated - Note 3)
Salaries, Wages and Employee Benefits	$ 61,597	$ 59,403	$ 96,727
Supplies and Services	30,996	32,218	377,023
Grants	1,677,587	2,087,988	3,582,196
Amortization of Tangible Capital Assets	3,239	1,954	1,650
Financial Transactions and Other	99	157	569
	$ 1,773,518	$ 2,181,720	$ 4,058,165

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS **Schedule 3**
BUDGET RECONCILIATION
Year ended March 31, 2015
(in thousands)

	2014 -15 Estimate[1] [3]	Adjustments to conform to Accounting Policy[2]	2014-15 Constructed Budget
Revenues			
Federal Government Grants	$ -	$ 214,653	$ 214,653
Premiums, Fees and Licences	25,390	-	25,390
Investment Income	161	-	161
Other Revenue	8,647	-	8,647
	34,198	214,653	248,851
Expenses - Directly Incurred			
Program			
Ministry Support Services	18,877	-	18,877
Local Government Services	31,871	-	31,871
Municipal Sustainability Initiative	30,000	1,214,100	1,244,100
Federal Grant Programs	-	220,652	220,652
Grants in Place of Taxes	59,695	-	59,695
Alberta Community Partnership	48,839	-	48,839
Public Safety	17,729	-	17,729
Alberta Emergency Management Agency	28,079	-	28,079
Municipal Government Board	4,888	-	4,888
Library Services	32,515	-	32,515
2013 Alberta Flooding	28,000	31,500	59,500
Safety Code Council	6,773	-	6,773
	307,266	1,466,252	1,773,518
Net Operating Results	$ (273,068)	$ (1,251,599)	$ (1,524,667)
Capital Spending	$ 1,455,444	$ (1,466,252)	$ (10,808)
Capital Revenue	$ 214,653	$ (214,653)	$ -
Financial Transactions	$ 808,443	$ -	$ 808,443

[1] The 2014-15 Government Estimates on the Consolidated Statement of Operations does not differentiate between amounts not required to be voted and voted expenses. Valuation adjustments are included.

- Operational amounts are cash disbursements for the purpose of salaries, supplies, and services, and operating grants.
- Capital consists of cash disbursements for the purpose of investments in tangible capital assets valued at $5,000 or more and grants for capital purposes.
- Financial Transactions consist of cash payments for the reductions of a liability, expenses to be recognized in a future year, or the acquisition of a financial asset. Financial liabilities for alternatively financed capital projects are reduced by payments from a non-budgetary disbursement vote.

[2] Accounting Adjustments are in accordance with PS1200.125 and include:

I. Adjustments for Revenues:

- Capital revenues (Transfers from Government of Canada) shown under "Capital Revenue" in the 2014-15 Government Estimates.

II. Adjustments for Expenses:

- Operating expense included in Capital Spending (capital grants).

[3] 2014-15 estimates have been restated for Government Reorganizations in 2014-15. See Note 3.

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS **Schedule 4**
RELATED PARTY TRANSACTIONS
Year ended March 31, 2015
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the ministry.

The ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The ministry had the following transactions with related parties recorded on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2015	2014 (Restated - Note 3)
Expenses - Directly Incurred		
Business and Technology Services	$ 2,022	$ 2,122
Insurance	101	101
Other Services	101	557
Grants	-	63,640
	$ 2,224	$ 66,420
Accounts Receivable		
Alberta Social Housing Corporation	$ 185	$ -
	$ 185	$ -
Accounts Payable		
School Jurisdictions	$ 4,860	$ 19,605
Alberta Environmental Monitoring, Evaluation and Reporting Agency	103	
Post Secondary Institutions	58	75
Health Authorities	-	24,592
Alberta Social Housing Corporation	-	14,002
Department of Health	-	10
	$ 5,021	$ 58,284

The ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 5.

	Other Entities	
	2015	2014 (Restated - Note 3)
Expenses - Incurred by Others (Schedule 5)		
Accommodation	$ 5,780	$ 5,039
Business Services[1]	3,452	2,893
Legal	1,148	1,105
	$ 10,380	$ 9,037

[1] Business Services includes financial and administrative services and air transportation costs.

The ministry paid $58,881 (2014 - $57,027) of grants in place of taxes on behalf of other ministries.

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2015
(in thousands)

Schedule 5

	2015					2014
		Expenses - Incurred by Others				
Program	Expenses[1]	Accommodation Costs[2]	Business Services[3]	Legal Services[4]	Expenses	Expenses (Restated - Note 3)
Ministry Support Services	$ 15,099	$ 851	$ 3,452	$ 114	$ 19,516	$ 20,281
Local Government Services	25,900	1,815	-	465	28,180	27,332
Municipal Sustainability Initiative	1,638,337	-	-	-	1,638,337	1,144,914
Federal Grant Programs	223,341	-	-	-	223,341	212,925
Grants in Place of Taxes	59,595	-	-	-	59,595	57,634
Alberta Community Partnership	48,423	-	-	-	48,423	29,030
Public Safety	14,100	851	-	184	15,135	18,257
Alberta Emergency Management Agency	65,873	832	-	384	67,089	84,658
Municipal Government Board	4,450	159	-	1	4,610	4,291
Library Services	32,662	122	-	-	32,784	32,570
2013 Alberta Flooding	45,981	1,150	-	-	47,131	2,428,225
Safety Codes Council	7,959	-	-	-	7,959	7,085
	$ 2,181,720	$ 5,780	$ 3,452	$ 1,148	$ 2,192,100	$ 4,067,202

1) Expenses – Directly Incurred as per Consolidated Statement of Operations.

2) Cost shown for Accommodation on Schedule 4, allocated by number of employees.

3) Business Services includes financial and administrative services and air transportation allocated by estimated costs incurred in each program.

4) Costs shown for Legal Services on Schedule 4, allocated by estimated costs incurred by each program.

Department of Municipal Affairs

Financial Statements

March 31, 2015

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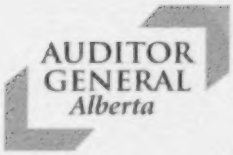
Schedule 4 - Budget Reconciliation
Schedule 5 - Lapse/Encumbrance
Schedule 6 - Salary and Benefits Disclosure
Schedule 7 - Related Party Transactions
Schedule 8 - Allocated Costs

Independent Auditor's Report



To the Minister of Municipal Affairs

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Municipal Affairs, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Municipal Affairs as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 12, 2015

Edmonton, Alberta

DEPARTMENT OF MUNICIPAL AFFAIRS
STATEMENT OF OPERATIONS
Year ended March 31, 2015
(in thousands)

	2015		2014
	Constructed Budget (Schedule 4)	Actual	Actual (Restated - Note 3)
Revenues (Schedule 1)			
Government Transfers			
Federal Government Grants	$ 214,653	$ (205,438)	$ 1,663,040
Premiums, Fees and Licences	18,029	22,898	1,094
Other Revenue	8,001	788,113	17,974
	240,683	605,573	1,682,108
Expenses - Directly Incurred (Note 2(b) and Schedule 8)			
Program (Schedules 3 and 5)			
Ministry Support Services	18,877	15,099	16,420
Local Government Services	31,871	25,900	25,121
Municipal Sustainability Initiative	1,244,100	1,638,337	1,144,914
Federal Grant Programs	220,652	223,341	212,925
Grants in Place of Taxes	59,695	59,595	57,634
Alberta Community Partnership	48,839	48,423	29,030
Public Safety	17,729	14,199	17,137
Alberta Emergency Management Agency	28,079	65,873	83,729
Municipal Government Board	4,888	4,450	4,124
Library Services	32,515	32,662	32,463
2013 Alberta Flooding (Note 13)	59,500	45,981	2,427,583
	1,766,745	2,173,860	4,051,080
Net Operating Results	$ (1,526,062)	$ (1,568,287)	$ (2,368,972)

The accompanying notes and schedules are part of these consolidated financial statements.

DEPARTMENT OF MUNICIPAL AFFAIRS
STATEMENT OF FINANCIAL POSITION
As at March 31, 2015
(in thousands)

	2015	2014 (Restated - Note 3)
Assets		
Cash	$ 3	$ 33
Accounts Receivable (Note 4)	567,790	1,038,131
Tangible Capital Assets (Note 6)	5,685	3,435
	$ 573,478	$ 1,041,599
Liabilities		
Accounts Payable and Accrued Liabilities	$ 1,453,178	$ 2,112,435
Deferred Revenue (Note 7)	702	5,743
	1,453,880	2,118,178
Net Liabilities		
Net Liabilities at Beginning of Year	(1,076,579)	(54,994)
Net Operating Results	(1,568,287)	(2,368,972)
Net Financing Provided from General Revenues	1,764,464	1,347,387
Net Liabilities at End of Year	(880,402)	(1,076,579)
	$ 573,478	$ 1,041,599

Contingent Liabilities and Contractual Obligations (Notes 8 and 9)

The accompanying notes and schedules are part of these consolidated financial statements.

DEPARTMENT OF MUNICIPAL AFFAIRS
STATEMENT OF CASH FLOWS
Year ended March 31, 2015
(in thousands)

	2015	2014 (Restated - Note 3)
Operating Transactions		
Net Operating Results	$ (1,568,287)	$ (2,368,972)
Non-cash items included in Net Operating Results:		
Amortization	1,728	1,414
Loss on Disposal of Tangible Capital Assets	-	-
	(1,566,559)	(2,367,558)
Decrease (Increase) in Accounts Receivable	470,341	(869,024)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(659,257)	1,891,335
(Decrease) Increase in Deferred Revenue	(5,041)	81
Cash Applied to Operating Transactions	(1,760,516)	(1,345,166)
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,978)	(2,188)
Cash Applied to Capital Transactions	(3,978)	(2,188)
Financing Transactions		
Net Financing Provided from General Revenues	1,764,464	1,347,387
Cash Provided by Financing Transactions	1,764,464	1,347,387
(Decrease) Increase in Cash	(30)	33
Cash at Beginning of Year	33	-
Cash at End of Year	$ 3	$ 33

The accompanying notes and schedules are part of these consolidated financial statements.

DEPARTMENT OF MUNICIPAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE 1 AUTHORITY AND PURPOSE

The Department of Municipal Affairs operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The department supports the Government of Alberta strategic goal to honour Alberta's communities by supporting municipalities and their communities and by coordinating fire services, and emergency management systems.

The department's goals are:

- Albertans live in viable municipalities and communities with collaborative and accountable local governments.
- Fair, timely, and well-reasoned decisions are provided on matters before the Municipal Government Board.
- Albertans are safe in the places they live, work and play.
- Alberta is better prepared for disasters and emergency events.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Department of Municipal Affairs which is part of the Ministry of Municipal Affairs and for which the Minister of Municipal Affairs is accountable. The other entity reporting to the minister is the Safety Codes Council. The activities of this organization are not included in these financial statements. The department is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, the activities of which are not included in these financial statements except by way of disclosure in Note 11 to these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting

Revenue accounting policy

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the department's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the use of the transfer, are recorded as revenue when the transfer is authorized and the department meets the eligibility criteria (if any).

Transfers from the Government of Canada

Transfers from the Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria, if any, are met and a reasonable estimate of the amounts can be made.

The department recognizes Disaster Financial Assistance Arrangements revenue when the Government of Canada issues an Order in Council declaring the Alberta disaster to be of a concern to the Government of Canada. Because the accounts receivable from the Government of Canada for Disaster Financial Assistance Arrangements is based on an estimate, adjustments to the accounts receivable are reflected in current year revenue.

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual Credit or Recovery amounts exceed budget, the department may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the department's Credit or Recovery Initiatives.

Expenses

Directly Incurred

Directly Incurred expenses are those costs the department has primary responsibility and accountability for, as reflected in the government's budget documents.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Expenses (Cont'd)

Directly Incurred (Cont'd)

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets,
- pension costs, which are the cost of employer contributions for current service of employees during the year, and
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Grants are recognized as expenses when authorized, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

Services contributed by other entities in support of the department operations are not recognized and are disclosed in Schedule 7 and allocated to programs in Schedule 8.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the department are limited to cash, financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included.

Tangible capital assets of the department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000.

Amortization is only charged if the tangible capital asset is in use.

When physical assets (tangible capital assets) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Net Liabilities

Net Liabilities represent the difference between the carrying value of assets held by the department and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The department operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Accrued liabilities for the Disaster Recovery Program, disclosed as $798,560 (2014 – $1,949,890) in these financial statements are subject to measurement uncertainty. Included in this amount is $699,288 (2014 - $1,850,481) for 2013 Alberta Flooding.

A portion of the Government of Canada accounts receivable, $559,893 (2014 – $1,035,871) is related to Disaster Recovery Programs that meet the eligibility criteria of the Disaster Financial Assistance Arrangements. Included in this amount is $494,973 (2014 - $918,074) for 2013 Alberta Flooding. The nature of the uncertainty for the Government of Canada accounts receivable and Disaster Recovery Program accrued liabilities arises from changes in the actual disaster costs to the estimated disaster costs. These changes can be attributed to such factors as inflation rate fluctuations in local construction costs, receipt of eligible claims, and the extent of the damage as it is identified.

While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

NOTE 3 GOVERNMENT REORGANIZATIONS

(in thousands)

Effective April 1, 2014, responsibility for the Basic Municipal Transportation Grant and Federal Gas Tax Fund Programs were transferred from the Department of Transportation to the Department of Municipal Affairs. Also, effective April 1, 2014 was the transfer of three public affairs officers from the Public Affairs Bureau. Effective July 23, 2014 the Building Canada - Communities Component Program was transferred from the Department of Transportation to the Department of Municipal Affairs (Order in Council 312/2014).

As a result of the restructuring of government departments announced on September 15, 2014, the Ministry of Seniors was transferred responsibility for the administration of the Housing Program from the Department of Municipal Affairs. (Order in Council 373/2014).

NOTE 3 GOVERNMENT REORGANIZATIONS (continued)

(in thousands)

Comparatives for 2014 have been restated as if the department had always been assigned with its current responsibilities. The following is a summary of the effect of the program transfers to the 2013-14 financial statements:

	2014				
	As Previously Reported	Transfer to the Ministry of Seniors	Transfer from the Ministry of Transportation	Transfer from Executive Council	As Restated
Revenues	$ 1,477,988	$ -	$ 204,120	$ -	$ 1,682,108
Expenses	3,726,587	(137,687)	461,839	341	4,051,080
Net Operating Results	(2,248,599)	137,687	(257,719)	(341)	(2,368,972)
Net Financing Provided from General Revenues	1,308,079	(218,751)	257,718	341	1,347,387
Opening Net Liabilities	(287,369)	238,035	(5,660)	-	(54,994)
Net Liabilities at March 31, 2014	$ (1,227,889)	$ 156,971	$ (5,661)	$ -	$ (1,076,579)

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2015			2014
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value (Restated - Note 3)
Government of Canada	$ 564,197	$ -	$ 564,197	$ 1,036,441
Other	3,648	(55)	3,593	1,690
	$ 567,845	$ (55)	$ 567,790	$ 1,038,131

NOTE 5 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

(in thousands)

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of Cash, Accounts Receivable (excluding disaster recovery accounts receivable) and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Disaster Recovery accounts receivable $559,893 (2014 – $1,035,871), as included in the Government of Canada accounts receivable, is a long term financial instrument and non-interest bearing. As a result, the department believes the fair value of this financial instrument to be less than its carrying value. However, due to the uncertainty as to the eventual collection or repayment date of this financial instrument, the department is unable to estimate the fair value.

NOTE 6 TANGIBLE CAPITAL ASSETS

(in thousands)

	Equipment[1]	Computer Hardware and Software	2015 Total	2014 Total (Restated - Note 3)
Estimated useful life	10 years	5 years		
Historical Cost				
Beginning of Year	$ 2,710	$ 19,025	$ 21,735	$ 19,547
Additions	-	3,978	3,978	2,188
Disposals, Including Write-downs	-	(10)	(10)	-
	$ 2,710	$ 22,993	$ 25,703	$ 21,735
Accumulated Amortization				
Beginning of Year	1,963	16,337	$ 18,300	$ 16,886
Amortization Expense	148	1,580	1,728	1,414
Effect of Disposals	-	(10)	(10)	-
	2,111	17,907	$ 20,018	18,300
Net book value at March 31, 2015	$ 599	$ 5,086	$ 5,685	
Net book value at March 31, 2014	$ 747	$ 2,688		$ 3,435

[1] Equipment includes office equipment and Emergency Mobile Command and Coordination Vehicles.

NOTE 7 DEFERRED REVENUE

(in thousands)

	Federal Gas Tax Fund	Other	2015 Total	2014 Total (Restated - Note 3)
Unearned Revenue				
Balance, beginning of year	$ 5,659	84	$ 5,743	$ 3
Received/receivable during the year	208,650	-	208,650	201,087
Less amounts recognized as revenue	(213,683)	(8)	(213,691)	(195,347)
Balance, end of year	$ 626	$ 76	$ 702	$ 5,743

NOTE 8 CONTINGENT LIABILITIES

(in thousands)

The department is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The department has been named in three (2014 – three) claims of which the outcome is not determinable. Of these claims, three (2014 – three) have specified amounts totalling $8,990 (2014 – $8,990). Included in the total claims, one claim totalling $5,500 (2014 – one claim totalling $5,500) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

NOTE 9 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2015	2014
Service Contracts	$ 28,795	$ 66,761
Agreements[1]	5,146,100	6,446,000
	$ 5,174,895	$ 6,512,761

(1) Agreements of $5,146,100 relate to the Municipal Sustainability Initiative. This is an agreement which began in 2007-08 between the Department of Municipal Affairs and Alberta municipalities for capital and operating purposes. The funding is subject to the annual appropriation of the Legislature.

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service Contracts	Agreements	Total
2015-16	$ 8,469	$ 527,100	$ 535,569
2016-17	5,615	876,000	881,615
2017-18	5,068	876,000	881,068
2018-19	4,825	876,000	880,825
2019-20	4,818	805,900	810,718
Thereafter	-	1,185,100	1,185,100
	$ 28,795	$ 5,146,100	$ 5,174,895

NOTE 10 BENEFIT PLANS

(in thousands)

The department participates in the multi-employer pension plans: Management Employees Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $6,561 for the year ended March 31, 2015 (2014 (restated - Note 3) – $6,522). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2014, the Management Employees Pension Plan reported a surplus of $75,805 (2013 – surplus $50,427), the Public Service Pension Plan reported a deficiency of $803,299 (2013 – deficiency $1,254,678) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $17,203 (2013 – deficiency $12,384).

The department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2015, the Bargaining Unit Plan reported an actuarial surplus of $86,888 (2014 – surplus $75,200) and the Management, Opted Out and Excluded Plan an actuarial surplus of $32,343 (2014 – surplus $24,055). The expense for these two plans is limited to the employer's annual contributions for the year.

NOTE 11 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the department's financial statements.

The financial statements of the following trust funds are prepared on a calendar year basis and the net assets as disclosed in the audited financial statements of the trust funds for December 31, 2014 and December 31, 2013 are as follows:

	2014	2013
Special Areas Trust Account	$ 283,344	$ 270,611
Improvement Districts' Trust Account	19,101	15,010
	$ 302,445	$ 285,621

NOTE 12 PAYMENTS UNDER AGREEMENT

(in thousands)

The department has entered into agreements to deliver programs and services that are fully funded by:

- Public Safety Canada to deliver the Joint Emergency Preparedness Program which is designed to provide financial assistance, on a cost-shared basis with municipalities, to fund projects that will develop or enhance a regional emergency response capability.
- Aboriginal Affairs and Northern Development Canada to deliver the Alberta First Nations Emergency Management Support Program.

NOTE 12 PAYMENTS UNDER AGREEMENT (Cont'd)

(in thousands)

Costs under these agreements are incurred by the department under authority in Section 25 of the *Financial Administration Act*. Accounts receivable includes $855 (2014 – $515) and accounts payable includes $19 (2014 – $1) relating to payments under agreement.

Amounts paid and payable under agreements with program sponsors are as follows:

	2015	2014
First Nations Emergency Management Support Program	$ 874	$ 843
Joint Emergency Preparedness Program	-	32
	$ 874	$ 875

NOTE 13 2013 ALBERTA FLOODING

(in thousands)

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, agriculture, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the department through the authority of the *Disaster Recovery Regulation*.

The department recognizes the DRP expense when the Government of Alberta issues an Order in Council. For the 2013 Alberta Flooding this occurred on June 25, 2013.

The department recognizes Disaster Financial Assistance Arrangements (DFAA) revenue when the Government of Canada (GoC) issues an Order in Council (OiC) declaring the Alberta disaster to be of a concern to the GoC. For the 2013 Alberta Flooding this occurred on July 3, 2013 through OiC 162.

The estimate of DFAA revenue from the GoC is determined by assessing eligible DRP expenses under the DFAA guidelines. As a result, some DRP expenses have been excluded from the DFAA revenue. The department will continue to pursue revenue from the GoC for expenses that are currently excluded from the DFAA guidelines.

The DRP expense and DFAA revenue are both calculated based on management estimates (Note 2(b)). During 2015, the projected DRP expense and DFAA revenue were adjusted to reflect management's best estimate of the remaining obligations of the DRP and expected DFAA revenue.

Also, the Province's flood recovery initiatives included non-disaster recovery programs (non-DRP). The department recognizes non-DRP expenses when the expense recognition criteria are met.

NOTE 13 2013 ALBERTA FLOODING (Cont'd)

(in thousands)

For both the DRP and non-DRP, the expenses are net of recoveries from insurance and other third parties.

	2015	2014
Statement of Operations		
Revenue		
Disaster Financial Assistance Arrangements (GoC) [1]	$ (423,101)	$ 1,418,074
Prior Year Expenditure Refunds [2] [3]	755,876	-
Expenses		
2013 Alberta Flooding		
Disaster Recovery Program [2]	-	2,405,360
Non Disaster Recovery Program	45,981	22,223
	45,981	2,427,583
Statement of Financial Position		
Accounts Receivable (GoC) [1]	494,973	918,074
Accounts Payable and Accrued Liabilities [4]	699,288	1,850,481

[1] In 2014, the total estimated GoC revenue was $1,418,074. This amount was adjusted in 2015 by ($423,101) as a result of changes in estimated future DRP costs; consequently, the total estimated GoC revenue is now $994,973. Accounts Receivable of $494,973 reflects a $500,000 advance received in March 2014.

[2] In 2014, total estimated DRP expense was $2,405,360. This amount was adjusted in 2015 by ($755,876) as a result of changes in estimated future DRP costs; consequently, the total estimated DRP expense is now $1,649,484.

[3] Prior Year Expenditure Refunds (PYER) is the result of decreases to the total estimated DRP expense estimated in prior years.

[4] Accounts Payable and Accrued Liabilities decreased by $1,151,193. The decrease was a result of payments of $395,317 and a change in estimate of $755,876.

NOTE 14 COMPARATIVE FIGURES

Certain 2014 figures have been reclassified to conform to the 2015 presentation.

NOTE 15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the senior financial officer and the deputy minister.

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
REVENUES
Year ended March 31, 2015
(in thousands)

Schedule 1

	2015		2014
	Constructed Budget	Actual	Actual (Restated - Note 3)
Federal Government Grants			
Disaster Financial Assistance Arrangements [1]	$ -	$ (423,978)	$ 1,459,087
Federal Grant Programs	214,653	218,524	204,121
Other	-	16	(168)
	214,653	(205,438)	1,663,040
Premiums, Fees and Licences	18,029	22,898	1,094
Other Revenue			
Current Expenditure Refunds	4,794	4,581	4,665
Prior Year Expenditure Refunds	-	783,346	13,297
Miscellaneous	3,207	186	12
	8,001	788,113	17,974
Total Revenues	$ 240,683	$ 605,573	$ 1,682,108

[1] Disaster Financial Assistance Arrangements includes an adjustment of ($423,101) as a result of changes in estimated future 2013 Alberta Flooding DRP costs - see note 2(b).

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
CREDIT OR RECOVERY
Year ended March 31, 2015
(in thousands)

Schedule 2

	2015				
	Authorized[1]	Actual Revenue Recognized	Deferred Revenue	Actual Revenue Received/ Receivable	(Shortfall)/ Excess[2]
Local Government Services					
Linear Assessment Services[3]	$ 3,393	$ 3,391	$ -	$ 3,391	$ (2)
	$ 3,393	$ 3,391	$ -	$ 3,391	$ (2)

This Schedule is required by Section 24(3) of the *Financial Administration Act*.

(1) Only expenditures are authorized.

(2) Shortfall is deducted from current year's authorized spending.

(3) The department prepares linear property assessments for various municipalities on a cost recovery basis. The department prepares the linear property assessments, sends assessment notices to taxpayers, defends the assessments and provides data to municipalities, who in turn charge taxes to the owners of the linear property. The revenue is reported as part of other revenue on the Statement of Operations.

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2015
(in thousands)

Schedule 3

	2015		2014
	Constructed Budget	Actual	Actual (Restated - Note 3)
Salaries, Wages and Employee Benefits	$ 58,458	$ 54,714	$ 92,568
Supplies and Services	27,530	29,270	374,380
Grants	1,677,587	2,088,078	3,582,196
Amortization of Tangible Capital Assets	3,071	1,728	1,414
Other	99	70	522
	$ 1,766,745	$ 2,173,860	$ 4,051,080

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
BUDGET RECONCILIATION
Year ended March 31, 2015
(in thousands)

Schedule 4

	2014 -15 Estimate[1] [3]	Adjustments to Conform to Accounting Policy [2]	2014-15 Constructed Budget
Revenues			
Federal Government Grants	$ -	$ 214,653	$ 214,653
Premiums, Fees and Licences	18,029	-	18,029
Other Revenue	8,001	-	8,001
	26,030	214,653	240,683
Expenses - Directly Incurred			
Programs			
Ministry Support Services	18,877	-	18,877
Local Government Services	31,871	-	31,871
Municipal Sustainability Initiative	30,000	1,214,100	1,244,100
Federal Grant Programs	-	220,652	220,652
Grants in Place of Taxes	59,695	-	59,695
Alberta Community Partnership	48,839	-	48,839
Public Safety	17,729	-	17,729
Alberta Emergency Management Agency	28,079	-	28,079
Municipal Government Board	4,888	-	4,888
Library Services	32,515	-	32,515
2013 Alberta Flooding	28,000	31,500	59,500
	300,493	1,466,252	1,766,745
Net Operating Results	$ (274,463)	$ (1,251,599)	$ (1,526,062)
Capital Spending	$ 1,467,442	$ (1,466,252)	$ 1,190
Capital Revenue	$ 214,653	$ (214,653)	$ -
Financial Transactions	$ 808,443	$ -	$ 808,443

(1) The 2014-15 Government Estimates on the Statement of Operations does not differentiate between amounts not required to be voted and voted expenses. Valuation adjustments are included.
- Operational amounts are cash disbursements for the purpose of salaries, supplies, and services, and operating grants.
- Capital consists of cash disbursements for the purpose of investments in tangible capital assets valued at $5,000 or more, and grants for capital purposes.
- Financial Transactions consist of cash payments for the reductions of a liability, expenses to be recognized in a future year, or the acquisition of a financial asset. Financial liabilities for alternatively financed capital projects are reduced by payments from a non-budgetary disbursement vote.

(2) Accounting Adjustments are in accordance with PS1200.125 and include:

Adjustments for Revenues:
- Capital revenues (transfers from the Government of Canada) shown under "Capital Revenue" in the 2014-15 Government Estimates

Adjustments for Expenses:
- Operating expense included in Capital Spending (capital grants).

(3) 2014-15 estimates have been restated for Government Reorganizations in 2014-15. See Note 3.

SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2015
(in thousands)

Schedule 5

		Voted Estimate [1]	Supplementary Estimate [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
Program - Operational							
1	**Ministry Support Services**						
1.1	Minister's Office	$ 912	$ -	$ -	$ 912	$ 798	$ 114
1.2	Associate Minister's Office	286	-	-	286	-	286
1.3	Deputy Minister's Office	924	-	-	924	1,235	(311)
1.4	Support Services	15,865	(116)	-	15,749	12,830	2,919
		17,987	(116)	-	17,871	14,863	3,008
2	**Local Government Services**						
2.1	Major Legislative Projects and Strategic Planning	4,844	-	-	4,844	4,536	308
2.2	Municipal Services	9,552	-	-	9,552	6,509	3,043
2.3	Grants and Education Property Tax	6,330	198	-	6,528	5,116	1,412
2.4	Assessment Services	9,678	(300)	(2)	9,376	8,794	582
		30,404	(102)	(2)	30,300	24,955	5,345
3	**Municipal Sustainability Initiative**	30,000	(1,342)	-	28,658	28,658	-
5	**Grants in Place of Taxes**	59,695	-	-	59,695	59,595	100
6	**Alberta Community Partnership**	48,839	(29,600)	-	19,239	16,791	2,448
7	**Public Safety**						
7.1	Central Operations	2,153	(305)	-	1,848	1,614	234
7.2	Safety Services	7,228		-	7,228	5,764	1,464
7.3	Office of the Fire Commissioner	3,965	(550)	-	3,415	3,791	(376)
7.4	Tank Site Remediation Program	448	-	-	448	411	37
7.5	New Home Buyer Protection Program	3,135	470	-	3,605	1,731	1,874
		16,929	(385)	-	16,544	13,311	3,233
8	**Alberta Emergency Management Agency**						
8.1	Managing Director's Office	749	-	-	749	473	276
8.2	Public Safety Initiatives	4,224	700	-	4,924	4,537	387
8.3	Provincial Operations	5,006	5,408		10,414	9,408	1,006
8.4	Disaster Recovery	200	32,073	-	32,273	32,572	(299)
8.5	Emergency Preparedness Grants	150	-	-	150	150	-
		10,329	38,181	-	48,510	47,140	1,370

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2015
(in thousands)

Schedule 5
(Cont'd)

		Voted Estimate [1]	Supplementary Estimate [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
9	**Municipal Government Board**	4,884	-	-	4,884	4,446	438
10	**Library Services**						
10.1	Library Services Operations	1,699	-	-	1,699	1,444	255
10.2	Provincial Library Network	30,816	-	-	30,816	31,190	(374)
		32,515	-	-	32,515	32,634	(119)
11	**2013 Alberta Flooding**						
11.1	Disaster Recovery Program - Flooding	-	-	-	-	-	-
11.2	Community Flood Mitigation Projects	-	-	-	-	19	(19)
11.3	Property Tax Relief	28,000	(19,120)	-	8,880	4,089	4,791
11.4	Municipal Flood Readiness	-	16,000	-	16,000	14,515	1,485
11.5	High River Long Term Recovery	-	-		-	-	-
11.6	Other Initiatives	-	2,600		2,600	2,200	400
11.7	Municipal Infrastructure Support	-			-	-	-
		28,000	(520)	-	27,480	20,823	6,657
	Total	$ 279,582	$ 6,116	$ (2)	$ 285,696	$ 263,216	$ 22,480
	Lapse/(Encumbrance)						$ 22,480

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2015
(in thousands)

Schedule 5
(Cont'd)

		Voted Estimate [1]	Supplementary Estimate [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
Program - Capital							
1	**Ministry Support Services**						
1.4	Support Services	$ 100	$ -	$ -	$ 100	230	$ (130)
2	**Local Government Services**						
2.2	Municipal Services	100	-	-	100	-	100
2.3	Grants and Education Property Tax	468	-	-	468	867	(399)
2.4	Assessment Services	522	-	-	522	43	479
		1,090	-	-	1,090	910	180
3	**Municipal Sustainability Initiative**						
3.2	Municipal Sustainability Initiative Capital	871,000	400,242	-	1,271,242	1,271,242	-
3.3	Basic Municipal Transportation Grant	343,100	(4,700)	-	338,400	338,437	(37)
		1,214,100	395,542	-	1,609,642	1,609,679	(37)
4	**Federal Grant Programs**						
4.1	Federal Gas Tax Fund	208,654	5,659	-	214,313	213,683	630
4.2	Building Canada - Communities Component	11,998	(1,474)	-	10,524	9,657	867
		220,652	4,185	-	224,837	223,340	1,497
6	**Alberta Community Partnership**	-	29,600	-	29,600	31,633	(2,033)
7	**Public Safety**						
7.5	New Home Buyer Protection Program	-	-	2,379	2,379	2,543	(164)
		-	-	2,379	2,379	2,543	(164)
8	**Alberta Emergency Management Agency**						
8.2	Public Safety Iniatives	-	-	-	-	-	-
8.3	Provincial Operations	-	1,035	-	1,035	295	740
		-	1,035	-	1,035	295	740
11	**2013 Alberta Flooding**						
11.2	Community Flood Mitigation Projects	31,500	(28,571)	-	2,929	29	2,900
11.5	High River Long Term Recovery	-	10,129	-	10,129	10,129	-
11.7	Municipal Infrastructure Support	-	15,000	-	15,000	15,000	-
		31,500	(3,442)	-	28,058	25,158	2,900
	Total	$ 1,467,442	$ 426,920	$ 2,379	$ 1,896,741	$ 1,893,788	$ 2,953
	Lapse/(Encumbrance)						$ 2,953

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2015
(in thousands)

Schedule 5
(Cont'd)

		Voted Estimate [1]	Supplementary Estimate [2]	Adjustments [3]	Adjusted Voted Estimate	Voted Actuals [4]	Unexpended (Over Expended)
Financial Transactions							
11	**2013 Alberta Flooding**						
11.1	Disaster Recovery Program - Flooding	808,443	-	-	808,443	395,317	413,126
	Total	$ 808,443	$ -	$ -	$ 808,443	$ 395,317	$ 413,126
	Lapse/(Encumbrance)						$ 413,126

This Schedule is required by Section 24(4) of the *Financial Administration Act*.

(1) As per "Operational Vote by Program", "Voted Capital Vote by Program" and "Financial Transactions Vote by Program" page 172 to page 175 of 2014-15 Government Estimates plus adjustments for government reorganizations.

(2) Per the Supplementary Estimates approved on March 19, 2015. These include transfers to other departments as outlined below:

- $4,800 to Seniors for 2013 Alberta flood recovery assistance to the High River Seniors Lodge.

(3) Adjustments include a $2,000 credit or recovery shortfall and an approved increase of $2,379,000 in capital as a carry over of unused 2013-14 capital investments appropriations, pursuant to the *Financial Administration Act*, Section 28.1.

(4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year ended March 31, 2015
(in dollars)

Schedule 6

	2015				2014
	Base Salary[1]	Other Cash Benefits[2]	Other Non-Cash Benefits[3]	Total	Total
Department					
Deputy Minister[4][5]	$280,662	$127,601	$ 62,946	$471,209	$ 389,635
Assistant Deputy Ministers					
Local Government Services[6]	-	-	-	-	292,700
Municipal Services and Legislation[6]	177,233	-	46,159	223,392	-
Municipal Assessment and Grants[5][6]	189,272	50,930	58,127	298,329	-
Public Safety[5]	163,483	59,067	41,570	264,120	250,851
Corporate Strategic Services	196,749	-	52,102	248,851	254,717
Alberta Emergency Management Agency					
Managing Director[4]	180,677	-	49,329	230,006	260,191

[1] Base salary includes regular salary and earnings such as acting pay.

[2] Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2015.

[3] Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

[4] Automobile provided, no dollar amount included in other non-cash benefits.

[5] The position was occupied by three individuals during the year.

[6] Local Government Services was split into two different divisions effective April 1, 2014; Municipal Assessment and Grants and Municipal Services and Legislation.

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2015
(in thousands)

Schedule 7

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel in the department.

The department and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2015	2014 (Restated - Note 3)	2015	2014 (Restated - Note 3)
Expenses - Directly Incurred				
Grants	$ 90	$ -	$ -	$ 63,640
Business and Technology Services	-	-	2,022	2,112
Insurance	-	-	101	101
Other Services	10	-	101	557
	$ 100	$ -	$ 2,224	$ 66,410
Receivables from				
Safety Codes Council	$ 6	$ -	$ -	$ -
Alberta Social Housing Corporation	-	-	185	-
	$ 6	$ -	$ 185	$ -
Payables to				
Alberta Social Housing Corporation	$ -	$ -	$ -	$ 14,002
Alberta Environmental Monitoring, Evaluation and Reporting Agency	-	-	103	-
Safety Codes Council	-	350	-	-
Health Authorities	-	-	-	24,592
School Jurisdictions	-	-	4,860	19,605
Post Secondary Institutions	-	-	58	75
Department of Health	-	-	-	10
	$ -	$ 350	$ 5,021	$ 58,284

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2015
(in thousands)

Schedule 7
(Cont'd)

The department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Other Entities	
	2015	2014 (Restated - Note 3)
Expenses - Incurred by Others (Schedule 8)		
Accommodation	$ 5,780	$ 5,039
Business Services[1]	3,452	2,893
Legal	1,148	1,105
	$ 10,380	$ 9,037

[1] Business Services includes financial and administrative services and air transportation costs.

The department paid $58,881 (2014 - $57,027) of grants in place of taxes on behalf of other ministries.

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2015
(in thousands)

Schedule 8

Program	2015 Expenses[1]	2015 Expenses - Incurred by Others: Accommodation Costs[2]	2015 Expenses - Incurred by Others: Legal Services[3]	2015 Expenses - Incurred by Others: Business Services[4]	2015 Total Expenses	2014 (Restated - Note 3) Total Expenses
Ministry Support Services	$ 15,099	$ 851	$ 114	$ 3,452	$ 19,516	$ 20,281
Local Government Services	25,900	1,815	465	-	28,180	27,332
Municipal Sustainability Initiative	1,638,337	-	-	-	1,638,337	1,144,914
Federal Grant Programs	223,341	-	-	-	223,341	212,925
Grants in Place of Taxes	59,595	-	-	-	59,595	57,634
Alberta Community Partnership	48,423	-	-	-	48,423	29,030
Public Safety	14,199	851	184	-	15,234	18,257
Alberta Emergency Management Agency	65,873	832	384	-	67,089	84,658
Municipal Government Board	4,450	159	1	-	4,610	4,291
Library Services	32,662	122	-	-	32,784	32,570
2013 Alberta Flooding	45,981	1,150	-	-	47,131	2,428,225
	$ 2,173,860	$ 5,780	$ 1,148	$ 3,452	$ 2,184,240	$ 4,060,117

(1) Expenses – Directly Incurred as per Statement of Operations.

(2) Cost shown for Accommodation on Schedule 7, allocated by number of employees.

(3) Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

(4) Business Services includes financial and administrative services and air transportation on Schedule 7,allocated by costs in certain programs.

SAFETY CODES COUNCIL

Financial Statements

Year ended December 31, 2014

Financial Statements

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Statement of Operations	2
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Statement of Remeasurement Gains	3
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INDEPENDENT AUDITORS' REPORT

To the Members of Safety Codes Council

We have audited the accompanying financial statements of Safety Codes Council (the "Council"), which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes in net assets, remeasurement gains and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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Basis for Qualified Opinion

Operating fees received from municipalities and agencies are collected on behalf of the Council, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of operating fees revenue from municipalities and agencies was limited to the amounts recorded in the records of the Council and we were not able to determine whether any adjustments might be necessary to operating fees revenue, excess of revenues over expenses, accounts receivable and unrestricted net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2014, and the results of its operations, changes in net assets, remeasurement gains and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by KPMG, LLP]

Chartered Accountants

April 10, 2015
Edmonton, Canada

SAFETY CODES COUNCIL

Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash	$ 1,369,663	$ 424,630
Accounts receivable	604,719	544,767
Prepaid expenses and deposits	169,766	87,558
	2,144,148	1,056,955
Investments (note 2)	9,470,677	6,850,119
Capital assets (note 3)	877,856	1,016,998
	$ 12,492,681	$ 8,924,072
Liabilities, Net Assets and Accumulated Remeasurement Gains		
Current liabilities:		
Accounts payable and accrued liabilities	$ 536,490	$ 465,053
Deferred revenue (note 4)	1,072,086	221,521
Current portion of deferred lease inducement	6,491	6,491
	1,615,067	693,065
Deferred lease inducement	13,525	20,016
Net assets:		
Unrestricted	6,868,936	4,167,439
Internally restricted (note 5)	3,000,000	3,000,000
Invested in capital assets	877,856	1,016,998
	10,746,792	8,184,437
Accumulated remeasurement gains	117,297	26,554
	10,864,089	8,210,991
Commitments (note 6)		
	$ 12,492,681	$ 8,924,072

[Original signed by three different Members on behalf of the Safety Codes Council]

The accompanying notes and schedules are part of these consolidated financial statements.

SAFETY CODES COUNCIL

Statement of Operations

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Revenues:		
Operating fees:		
Municipalities and agencies	$ 7,053,806	$ 6,051,790
Corporations	1,001,915	953,000
Investment income	688,722	397,119
Course and exam fees (note 4)	659,669	470,479
Master Electricians Program certification fees	535,025	224,960
Grants (note 4)	247,004	145,108
Application development	117,000	69,100
Certification (note 4)	81,820	77,250
Annual conference	75,475	56,218
Other revenues and recoveries	31,652	31,105
Designation of powers	22,150	12,975
Appeals	4,500	3,500
Accreditation	3,000	4,050
	10,521,738	8,496,654
Expenses:		
Salaries and benefits	4,689,586	4,158,475
Contractors and consultants	581,708	567,109
Office rental	538,157	517,951
Travel (note 7)	277,502	241,647
Annual conference	267,435	304,927
Amortization of capital assets	225,759	236,157
Course and seminar costs	178,539	102,485
Consulting fees	177,349	51,824
Electronic business solutions	173,164	196,784
Office and general	170,492	135,955
Publications	112,916	141,617
New course development	95,060	9,941
Professional fees	92,379	65,656
Meetings	82,279	74,679
Bank and investment service charges	80,441	26,105
Honoraria (note 7)	53,404	43,181
Appeals	45,961	97,016
Electronic conversion	35,523	37,257
Insurance	31,219	30,616
Code update training	16,828	504
New course version	7,512	165
Corporate memberships	7,198	9,292
Loss on disposal of capital assets	6,524	20,530
Test bank validations	6,433	5,517
Special training programs	6,015	9,199
Course revisions	-	74
	7,959,383	7,084,663
Excess of revenues over expenses	$ 2,562,355	$ 1,411,991

The accompanying notes and schedules are part of these consolidated financial statements.

SAFETY CODES COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2014, with comparative information for 2013

	Unrestricted	Internally restricted	Invested in capital assets	2014 Total	2013 Total
Balance, beginning of year	$ 4,167,439	$ 3,000,000	$ 1,016,998	$ 8,184,437	$ 6,772,446
Excess (deficiency) of revenues over expenses	2,794,638	-	(232,283)	2,562,355	1,411,991
Investment in capital assets	(93,141)	-	93,141	-	-
Balance, end of year	$ 6,868,936	$ 3,000,000	$ 877,856	$10,746,792	$ 8,184,437

Statement of Remeasurement Gains

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Accumulated remeasurement gains, beginning of year	$ 26,554	$ 188,257
Change in unrealized gains attributable to investments	90,743	26,554
Realized gains reclassified to statement of operations	-	(188,257)
Accumulated remeasurement gains, end of year	$ 117,297	$ 26,554

The accompanying notes and schedules are part of these consolidated financial statements.

SAFETY CODES COUNCIL

Statement of Cash Flow

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	$ 2,562,355	$ 1,411,991
Item not involving cash:		
Amortization of capital assets	225,759	236,157
Loss on disposal of capital assets	6,524	20,530
Amortization of deferred lease inducement	(6,491)	(6,491)
Changes in non-cash operating working capital:		
Accounts receivable	(59,952)	(71,007)
Prepaid expenses and deposits	(82,208)	33,576
Accounts payable and accrued liabilities	71,437	42,855
Grants repayable	-	(74,438)
Deferred revenue	850,565	35,883
	3,567,989	1,629,056
Capital activities:		
Purchase of capital assets	(93,141)	(177,289)
Investing activities:		
Reinvested net investment income from investments	(685,827)	(373,575)
Purchase of investments	(1,880,383)	(7,193,833)
Proceeds from disposition of investments	36,395	6,270,640
	(2,529,815)	(1,296,768)
Increase in cash	945,033	154,999
Cash, beginning of year	424,630	269,631
Cash, end of year	$ 1,369,663	$ 424,630
Supplemental cash flow information:		
Bank and investment service charges paid	$ 80,441	$ 26,105

The accompanying notes and schedules are part of these consolidated financial statements.

SAFETY CODES COUNCIL

Notes to Financial Statements

Year ended December 31, 2014

The Safety Codes Council (the "Council") is a corporation established under the Safety Codes Act of the Province of Alberta (Revised Statutes of Alberta 2000, Chapter S-1). The industry-based Council is comprised of a Council Chair, a Coordinating Committee, a Technical Coordinating Committee and Sub-councils in the following areas: amusement rides, boilers and pressure vessels, buildings, electrical, elevators, fire, gas, plumbing, barrier free and passenger ropeways.

The Council is responsible for reviewing, formulating and managing significant components of the administration of Alberta's safety system. The Council's mandate is to:

- develop and recommend safety codes and standards;
- promote uniform safety standards and practices;
- develop and administer a program to certify and designate Safety Codes Officers;
- develop and administer a program to accredit safety system partners;
- administer appeals for certification, accreditation and orders issued under the Safety Codes Act;
- administer the Master Electricians' program;
- establish and operate safety information and training programs;
- develop and administer a province wide electronic permitting system for use by accredited entities administering the Safety Codes Act; and
- engage in any other activities as directed by the Minister responsible for the Safety Codes Act.

1. **Significant accounting policies:**

These financial statements are prepared by management in accordance with Canadian public sector accounting standards. As a government not-for-profit organization, the Council has elected to follow the standards for not-for-profit organizations in the CPA Canada Public Sector Accounting Handbook. The Council's significant accounting policies are as follows:

(a) Revenue recognition:

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

1. Significant accounting policies (continued):

(a) Revenue recognition (continued):

Other revenues including operating fees from municipalities and agencies, corporations, courses and exams, Master Electrician Program certification fees, certification, annual conference, designation of powers, appeals and accreditation are recorded as they are earned. Other revenues that relate to future years are reflected as deferred revenue.

(b) Capital assets:

Capital assets are stated at cost. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Equipment	Declining balance	20%
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
Leasehold improvements	Straight line	Over lease term

Copyrights are not amortized.

(c) Deferred lease inducement:

Deferred lease inducement represents the unamortized value of an inducement received when the Council entered into a lease arrangement for the rental of office space. Amortization is provided on a straight-line basis over the term of the related lease as a reduction in office rent.

(d) Contributed services:

Contributed supplies and services that would otherwise have been purchased are recorded as contributions and expenses. Such transactions are measured at the fair value at the date of contribution, when a fair value can be reasonably determined.

1. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value are recognized in the statement of remeasurement gains until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial instruments are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gains and losses are reversed and recognized in the statement of operations.

Public Sector Accounting Standards require the Council to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

2. Investments:

	Level	2014	2013
Cash	1	$ 195,131	$ 11,730
Jarislowsky Fraser Money Market Fund	1	7,821	5,238
Pooled funds (quoted in an active market)			
Jarislowsky Fraser Bond Fund	1	5,342,639	4,434,694
Jarislowsky Fraser Canadian Equity Fund	1	3,925,086	2,398,457
		$ 9,470,677	$ 6,850,119

3. Capital assets:

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Furniture and fixtures	$ 296,166	$ 200,909	$ 95,257	$ 101,159
Equipment	47,266	36,384	10,882	13,602
Computer hardware	377,040	205,608	171,432	193,337
Computer software	343,223	232,736	110,487	114,795
Leasehold improvements	1,024,337	546,306	478,031	582,338
Copyright	11,767	-	11,767	11,767
	$ 2,099,799	$ 1,221,943	$ 877,856	$ 1,016,998

4. Deferred revenue:

	Deferred revenue, beginning of year	Amounts received / receivable	Revenue recognized, net	Amounts repaid / repayable	Deferred revenue, end of year
Grants					
Information technology	$ 7,864	$ -	$ (2,142)	$ (5,722)	$ -
Alberta Safety Codes Authority	45,031	1,002,157	(221,392)	-	825,796
Safe Temporary Heat Education	-	60,349	(22,456)	-	37,893
Certification Management System	-	30,189	(1,014)	-	29,175
	52,895	1,092,695	(247,004)	(5,722)	892,864
Other amounts					
Course and exam fees	38,060	647,464	(659,669)	-	25,855
Certification	130,566	104,621	(81,820)	-	153,367
	$ 221,521	$ 1,844,780	$ (988,493)	$ (5,722)	$ 1,072,086

Information Technology

On July 18, 2008, the Council entered into an agreement with the Province of Alberta as represented by the Minister of Municipal Affairs to undertake an enhancement upgrade to e-Site. The grant specified four deliverables to establish 1) An IT system in e-Site for Development Permits, 2) An IT system in e-Site for Orders and Variances external data entry, 3) An IT system in e-Site for Underground Petroleum Tank site Remediation (PTRP) and 4) Establish an IT system in e-Site for Municipal Monitoring. The IT in Support of the Safety System project has a total proposed budget of $182,400 to be funded by the Province of Alberta. The grant agreement initially expired on April 30, 2009. The Minister of Municipal Affairs agreed to extend the project completion date to December 31, 2012. Items 1 through 3 above expired on December 31, 2012 accounting for a grant repayable of $48,128 in that year. Item 4, through approval of the Minister of Municipal Affairs, was repurposed and extended to a completion date of June 30, 2014. To June 30, 2014, total eligible expenditures incurred under the amended agreements were $127,501 (2013 - $125,359). Item 4 above expired on June 30, 2014 accounting for a grant repayable of $5,722 in the year.

4. Deferred revenue (continued):

Alberta Safety Codes Authority

In the prior year, the Council applied for and obtained a one-time conditional grant from Alberta Municipal Affairs. The grant provides for a total of $1,500,000 to be received to complete the research (Phase 1 - $150,000), development (Phase 2 - $1,000,000) and implementation (Phase 3 - $350,000) of the Alberta Safety Codes Authority. Phase 1 was completed in late 2013. During the year, the Council commenced and is currently in progress on Phase 2. Phase 3 will occur in 2015 - 2016. Amounts received in the current year include bank interest earned equal to $2,157.

Safe Temporary Heat Education Program

In the current year, the Council applied for and obtained a one-time conditional grant from Alberta Municipal Affairs. The grant provides for a total of $60,000 to be received for the development of an education program to increase the safety of temporary heat installations on construction sites. These funds were received in full during 2014. Amounts received in the current year include bank interest earned equal to $349.

Certification Management System

In the current year, the Council applied for and obtained a one-time conditional grant from Alberta Municipal Affairs. The grant provides for a total of $30,000 to be received for the development and implementation of a certification management system to be used by the Council to manage and administer the certification of installers and maintainers of Portable Fire Extinguishers, Fixed Fire Suppression Systems, Kitchen Exhaust Systems, Fire Alarm Systems, and Sprinkler Systems. These funds were received in full during 2014. Amounts received in the current year include bank interest earned equal to $189.

5. Internally restricted net assets:

The Council maintains internally restricted net assets in the amount of $3,000,000 to manage sustainability risk over the medium term. Access to the restricted net assets is granted by resolution of the Coordinating Committee.

6. Commitments:

The Council is committed under an operating lease for its office premises which expires April 30, 2018. The Council also leases a postage machine with related service contracts, a data centre and server storage service and photocopiers, expiring August 2015, November 2016, and March 2017. A new agreement was entered into during the year relating to a new photocopier and related services that expires March 2017.

2015	$ 308,973
2016	300,511
2017	264,275
2018	86,988
	$ 960,747

The Council is also responsible for its share of operating costs related to the office premises lease.

7. Remuneration and other costs disclosure:

Coordinating Committee members are remunerated by the schedules as set out by Order in Council 466/2007. Remuneration is comprised of $53,404 (2013 - $43,181) included in honoraria expense. Other costs consist of travel and accommodation related to meetings attendance which are included in travel expense.

	2014	2013
Coordinating Committee members:		
Remuneration	$ 53,404	$ 43,181
Other	16,952	15,494
	$ 70,356	$ 58,675

8. Related party transactions:

Transactions with Alberta Municipal Affairs are considered to be in the normal course of operations. Amounts due to Alberta Municipal Affairs and the recorded amounts of the transactions are included with these financial statements unless otherwise stated.

Grant revenue of $247,004 (2013 - $145,108) on the statement of operations are from Alberta Municipal Affairs grants.

Alberta Municipal Affairs currently provides certain services to the Council including a monitoring service of accredited entities as part of the Municipal Support Program, at no cost. As a result of the difficulty in determining the fair value of these services, contributed services are not recognized in the financial statements.

9. Financial risks and concentration of credit risk:

The Council is exposed to a number of different financial risks arising from its use of financial instruments, including market price risk, liquidity risk, credit risk and interest rate risk. The Council's overall risk management processes are designed to identify, manage and mitigate business risk.

Market price risk

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Council's investments are in pooled-funds and carried at fair value with fair value changes recognized in the statement of operations and statement of remeasurement gains, all changes in market conditions will directly result in an increase (decrease) in net assets. Market price risk is managed by the Council through their investment guidelines and policies, as monitored by the management of the Council and its investment manager.

9. Financial risks and concentration of credit risk (continued):

Liquidity risk

Liquidity risk is both the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities, and there will be no ability to sell its financial instruments should it wish to do so.

The Council's Investment Policy, which is reviewed and approved by the Coordinating Committee annually, establishes the nature of acceptable investments for its portfolio. As a result, 100% of the Council's investments are in pooled funds. Although market events could lead to some investments within the pooled fund becoming illiquid, the diversity and quality of the Council's investments is designed to ensure that liquidity is available to pay liabilities as they come due. The Council also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities.

There have been no significant changes to the liquidity risk exposure from 2013.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Council. In relation to the Council activities, credit risk arises from the issuance of permits by accredited third-parties and subsequent remittance of levies to the Council. This risk is mitigated through the Council's ongoing due diligence of accredited organizations, and the number of accredited organizations issuing permits. In relation to the Council's investment portfolio, credit risk arises from the bond or equity issuer defaulting on its obligations.

The Council manages credit risk by investing diversified pooled funds. Cash is held with reputable financial institutions and accounts receivable are with counterparties that the Council believes to be reputable entities. No individual financial asset is significant to the Council's operations.

Interest rate risk

The Council is exposed to interest rate risk associated with the underlying interest-bearing instruments held in the Jarislowsky Fraser Bond Fund and the Jarislowsky Fraser Canadian Equity Fund. To properly manage the Council's interest rate risk, appropriate guidelines and investment policies are set and monitored by management of the Council and its investment manager.

Improvement Districts' Trust Account
Summary Statement of Revenue and Expenditures
For the year ended December 31, 2014
(Unaudited)

	Improvement Districts								
	4 (Waterton)	9 (Banff)	12 (Jasper)	13 (Elk Island)	24 (Wood Buffalo)	25 (Willmore Wilderness)	Kananaskis	349	Total
Assets	$ 1,183,411	$ 12,927,057	$ 1,203,071	$ 747,250	$ 549,010	$ 137,578	$ 4,861,589	$ 6,265,205	$ 27,874,171
Liabilities	170,891	2,983,031	770,105	804,730	524,959	137,578	1,054,373	2,327,348	8,773,015
Net assets	$ 1,012,520	$ 9,944,026	$ 432,966	$ (57,480)	$ 24,051	$ -	$ 3,807,216	$ 3,937,857	$ 19,101,156
Revenues	$ 691,240	$ 4,089,391	$ 112,269	$ 153,490	$ 346,183	$ 236,205	$ 2,715,991	$ 22,431,949	$ 30,776,718
Expenditures	446,442	1,387,887	100,372	445,504	343,839	236,205	1,990,481	21,641,427	26,592,157
Excess / (Deficiency) of revenue over	$ 244,798	$ 2,701,504	$ 11,897	$ (292,014)	$ 2,344	$ -	$ 725,510	$ 790,522	$ 4,184,561

Improvement Districts' Trust Account
Detailed Statement of Revenue and Expenditures
For the year ended December 31, 2014
(Unaudited)

	Improvement Districts								
	4	9	12	13	24	25	Kananaskis	349	Total
REVENUES									
General Municipal:									
Taxation									
Real property	$ 646,820	$ 2,262,270	$ 42,211	$ 4,332	$ 6,808	$ -	$ 1,251,579	$ 3,627,333	$ 7,841,353
Federal grants	171,745	1,011,173	39,884	29,977	18,115	-	10,474	59,216	1,340,584
Provincial grants	-	-	-	-	-	-	126,569	-	126,569
Power and pipeline	7,022	100,317	146,611	6,312	4,342	-	382,420	13,594,419	14,241,443
Machinery and equipment	-	-	-	-	-	-	-	9,124,337	9,124,337
	825,587	3,373,760	228,706	40,621	29,265	-	1,771,042	26,405,305	32,674,286
Less payment of requisitions to:									
Alberta School Foundation Fund	422,206	1,530,436	174,776	22,221	12,125	-	654,017	3,666,476	6,482,257
Seniors Foundation	-	67,234	6,351	-	-	-	34,475	383,939	491,999
	422,206	1,597,670	181,127	22,221	12,125	-	688,492	4,050,415	6,974,256
General municipal taxes	403,381	1,776,090	47,579	18,400	17,140	-	1,082,550	22,354,890	25,700,030
Government transfers	274,227	2,138,503	59,596	131,774	328,481	236,205	1,052,752	-	4,221,538
Penalties and costs	8,086	27,459	10	520	316	-	9,563	-	45,954
Interest	5,361	66,183	5,084	2,796	246	-	22,768	75,734	178,172
Utility Services	-	-	-	-	-	-	455,863	-	455,863
Other	185	81,156	-	-	-	-	92,495	1,325	175,161
	691,240	4,089,391	112,269	153,490	346,183	236,205	2,715,991	22,431,949	30,776,718
EXPENDITURES									
General Municipal:									
Administrative services	51,890	189,198	12,960	904	1,167	-	281,601	204,684	742,404
Protective services	6,000	677,331	25,507	-	-	-	882,954	-	1,591,792
Transportation services	-	-	-	-	-	-	115,847	-	115,847
Flood disaster services	-	-	-	-	-	-	46,546	-	46,546
Assessment fees	9,029	30,522	11,769	8,277	14,191	-	-	89,408	163,196
Grants	-	-	50,136	436,323	328,481	236,205	-	21,347,335	22,398,480
Recreation and cultural services	211,320	264,102	-	-	-	-	-	-	475,422
Utilities	805	9,446	-	-	-	-	99,756	-	110,007
Honorarium	22,000	48,150	-	-	-	-	-	-	70,150
Garbage collection and disposal	-	-	-	-	-	-	319,437	-	319,437
Interest	3,657	-	-	-	-	-	-	-	3,657
Amortization	103,244	167,415	-	-	-	-	121,730	-	392,389
Other expenditures	38,497	1,723	-	-	-	-	122,610	-	162,830
	446,442	1,387,887	100,372	445,504	343,839	236,205	1,990,481	21,641,427	26,592,157
Excess / (Deficiency) of revenue over expenditure	$ 244,798	$ 2,701,504	$ 11,897	$ (292,014)	$ 2,344	$ -	$ 725,510	$ 790,522	$ 4,184,561

SPECIAL AREAS TRUST ACCOUNT

FINANCIAL STATEMENTS

DECEMBER 31, 2014

Independent Auditors' Report

Statement of Financial Position

Statement of Operations

Statement of Changes of Net Financial Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule of Investments

Schedule of Salaries and Benefits

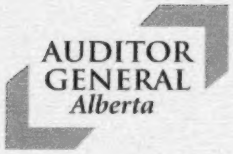
Supplementary Net Financial Asset Information Schedule

Supplementary Unrestricted Accumulated Surplus Information Schedule

Schedule of Segment Expenditure Disclosure by Object

Schedule of Tangible Capital Assets

Independent Auditor's Report



To the Minister of Municipal Affairs and the Chair of Special Areas Board

Report on the Financial Statements

I have audited the accompanying financial statements of the Special Areas Trust Account, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Special Areas Trust Account as at December 31, 2014, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

April 28, 2015

Edmonton, Alberta

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	2014	2013
Financial Assets		
Cash and cash equivalents (Note 3)	$ 37,920,171	$ 38,034,668
Accounts receivable (Note 4)	3,914,739	3,456,902
Notes receivable (Note 5)	13,927,923	16,423,183
Due from Province of Alberta (Note 6)	798,911	301,063
Taxes receivable (Note 7)	891,522	558,377
	57,453,266	58,774,193
Investments (Schedule 1)	28,164,370	27,410,458
Total Financial Assets	85,617,636	86,184,651
Liabilities		
Accounts payable and accruals	2,591,453	2,130,979
Vacation accruals	1,062,609	829,742
Deferred revenues	309,175	344,889
Deferred provincial grant revenue (Note 8)	7,879	892,066
Due to Province of Alberta (Note 6)	695,120	542,932
	4,666,236	4,740,608
Long-term debt (Note 9)	12,899,869	17,209,065
Provision for gravel pit reclamation (Note 10)	2,411,000	2,411,000
Total Liabilities	19,977,105	24,360,673
Net Financial Assets (Schedule 3)	65,640,531	61,823,978
Non-financial assets		
Prepaid assets	142,873	167,487
Tangible capital assets (Schedule 6)	211,240,802	202,090,324
Inventory (Note 11)	6,320,276	6,529,508
	217,703,951	208,787,319
Accumulated Surplus (Note 12)	**$ 283,344,482**	**$ 270,611,297**
Commitments (Note 22)		

The accompanying notes and schedules are part of these consolidated financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 BUDGET (Note 13)	2014 ACTUAL	2013 ACTUAL
Revenues			
Taxation			
Power and pipeline	$ 36,112,865	$ 37,311,910	$ 34,857,240
Real property	11,203,670	11,140,447	10,812,823
Grazing and cultivation	793,960	759,081	766,355
Penalties and costs on taxes	75,000	354,855	254,857
	48,185,495	49,566,293	46,691,275
Less requisitions (Note 14)	(16,809,310)	(16,478,509)	(16,809,310)
Net taxes for municipal purposes	**31,376,185**	**33,087,784**	**29,881,965**
Leases (Note 15)	9,449,095	8,475,654	7,497,357
Government transfers for operating (Note 16)	5,465,236	5,988,453	5,613,639
Tax recovery land sales	1,575,000	3,282,775	1,982,066
Government transfers for capital (Note 16)	1,756,668	1,756,668	2,306,094
Interest	1,741,271	1,688,317	1,712,243
Contributed assets (Note 17)	-	-	57,257
Other	2,175,500	2,344,837	1,919,286
Total revenues	**53,538,955**	**56,624,488**	**50,969,907**
Expenses			
Transportation services	19,981,092	20,311,365	9,929,175
Administrative services	5,448,587	6,454,417	5,903,767
Water and sanitation services	3,287,511	3,516,785	2,757,452
Agriculture and community development	2,507,632	2,240,144	2,038,501
Recreational and cultural services	2,098,859	2,141,694	2,049,861
Protective services	1,216,101	1,012,482	1,136,651
Industrial tax transfers	580,000	580,000	580,000
Loss on sale of capital assets	100,000	29,415	151,892
Amortization	6,202,078	7,605,001	6,786,230
Total expenses (Note 18)	**41,421,860**	**43,891,303**	**31,333,529**
Excess of revenues over expenses	$ **12,117,095**	$ **12,733,185**	$ **19,636,378**
Accumulated surplus at beginning of year	270,611,297	270,611,297	250,974,919
Accumulated surplus at end of year	$ **282,728,392**	$ **283,344,482**	$ **270,611,297**

The accompanying notes and schedules are part of these consolidated financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014		2013
	BUDGET (Note 13)	ACTUAL	ACTUAL
Excess of revenue over expenses	$ 12,117,095	$ 12,733,185	$ 19,636,378
Acquisition of tangible capital assets	(10,786,424)	(12,231,090)	(11,923,832)
Construction of roads and road surfaces	(9,000,000)	(5,155,804)	(14,261,549)
Loss on sale of tangible capital assets	100,000	29,415	151,892
Proceeds on disposal of tangible capital assets	500,800	602,000	1,905,562
Amortization of tangible capital assets	6,202,078	7,605,001	6,786,230
Use (acquisition) of prepaid assets	-	24,614	(81,804)
Change in inventory	-	209,232	(285,922)
(Decrease) increase in net financial assets	(866,451)	3,816,553	1,926,955
Net financial assets, beginning of year	61,823,978	61,823,978	59,897,023
Net financial assets, end of year	**$ 60,957,527**	**$ 65,640,531**	**$ 61,823,978**

The accompanying notes and schedules are part of these consolidated financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
Operating activities:		
Excess of revenues over expenses	$ 12,733,185	$ 19,636,378
Amortization of investment premiums, less discounts	106,742	199,461
Gain on sale of investments	(138,980)	(35,076)
Amortization of tangible capital assets	7,605,001	6,786,230
Amortization relating to self-constructed assets	(1,711,371)	(1,516,173)
Contributed assets	-	(57,257)
Loss on sale of tangible capital assets	29,415	151,892
Increase in provision for gravel pit reclamation	-	52,000
	18,623,992	25,217,455
Changes in non-cash operating items:		
Prepaid assets and accounts receivable	(433,223)	2,188,807
Due from Province of Alberta	(497,848)	748,138
Taxes receivable	(333,145)	(464,191)
Accounts payable and accruals	693,341	(1,049,668)
Deferred revenues	(35,714)	(4,156)
Deferred government grant revenue	(884,187)	(559,294)
Due to Province of Alberta	152,188	140,275
Inventory	209,232	(285,922)
	(1,129,356)	713,989
Cash provided by operating activities	17,494,636	25,931,444
Capital activities:		
Proceeds of sale of tangible capital assets	602,000	1,905,562
Purchase of tangible capital assets	(15,675,523)	(24,611,951)
Cash applied to capital activities	(15,073,523)	(22,706,389)
Investing activities:		
Net change in notes receivable	2,495,260	1,994,535
Proceeds from redemption of investments	21,006,151	9,018,000
Purchase of investments	(21,727,825)	(10,357,870)
Cash provided by investing activities	1,773,586	654,665
Financing activities:		
Long term debt repaid	(4,309,196)	(3,083,396)
Cash applied to financing activities	(4,309,196)	(3,083,396)
(Decrease) increase in cash and cash equivalents	(114,497)	796,324
Cash and cash equivalents at the beginning of year	38,034,668	37,238,344
Cash and cash equivalents at the end of year	**$ 37,920,171**	**$ 38,034,668**

The accompanying notes and schedules are part of these consolidated financial statements.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 1 Authority and Purpose

The Special Areas Trust Account operates under the authority of the *Special Areas Act*, Revised Statutes of Alberta 2000, chapter S-16. The Special Areas Trust Account is held by the Special Areas Board, an agent of the Crown in right of Alberta, and as such, has a tax exempt status.

The Special Areas Board ("the Board") is appointed by the Lieutenant Governor in Council. The Board provides municipal services and long-term land resource management.

Note 2 Significant Accounting Policies

(a) General

These financial statements are the representations of management, and have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Revenue resulting from mineral surface leases are first recognized on the initial agreement date and then on the anniversary date each year thereafter. All other leases are recognized as earned on an annual basis (e.g. cultivation and grazing) and are due and payable at the beginning of the year.

Note 2 (c) Land

(cont'd) Tax recovery land, including any mineral surface leases attached thereto, was acquired for insignificant amounts and is not recorded in the Statement of Financial Position. Approximately 0.999 million acres of tax recovery land remains unsold as at December 31, 2014 (2013 - 1.021 million acres).

Crown land transferred to the Province of Alberta from the Government of Canada for no monetary consideration, located within the Special Areas and administered by the Board, is not valued for financial statement purposes. This consists of approximately 1.575 million acres (2013 - 1.575 million acres).

Road infrastructure land right of ways, located within the Special Areas and administered by the Board, were transferred to the Province of Alberta from the Government of Canada for no monetary consideration. The Board has also acquired additional right of way for road widening purposes for insignificant amounts. As at December 31, 2014, the road infrastructure right of ways consist of approximately 0.012 million acres of land (2013 - 0.012 million acres) and are not recorded in the Statements of Financial Position.

(d) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the fire insurance proceeds in accounts receivable, allowance for doubtful taxes and accounts receivable, gravel inventory, gravel pit reclamation, and both current and prior years tangible capital asset historical costs and related amortization. A significant component of these tangible capital asset costs are self constructed and their cost is measured by the use of equipment rates which are approximations of actual costs incurred. Actual results could differ from management's best estimates as additional information becomes available.

Note 2 (e) Financial Instruments

(cont'd)

The carrying value of cash, accounts receivable, notes receivable, taxes receivable, amounts due to / from Province of Alberta, vacation accruals and accounts payable and accruals approximate fair value due to the short-term nature of these items.

All non-current receivables and long-term debt are a result of binding contractual agreements. The carrying value of these non-current accounts approximate their fair value.

The fair value of investments are disclosed on Schedule 1.

(f) Requisition over/under levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(g) Investments

Investments are valued at cost adjusted for the applicable amortization of discount or premium using the straight-line method over the period to maturity. Where there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(h) Pensions

The Board participates in two multi-employer defined benefit pension plans, the Management Employees Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise of the cost of employer contributions for current service of employees during the year.

(i) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Note 2 (j) Non-financial Assets

(cont'd)

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following year.

Inventory

Inventory is valued at the lower of cost or net replacement value. Costs for all inventory is determined by using the first-in-first-out method with the exception of parts inventory, which is valued by using the average costing method.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Tangible Capital Assets

Tangible capital assets consist of engineering structures, roads, buildings, vehicles, equipment, land, water/wastewater utilities and dams.

For the purposes of the Board, tangible capital assets having a useful life greater than one year are shown at net book value. Recognition thresholds for these assets are $10,000 for engineered structures or third party software development and $2,500 for all other categories. Purchased land and all other off the shelf electronic data processing equipment are all capitalized.

The Board in its provision of transportation services, undertakes using its own forces, a significant amount of construction activity consisting of road building and road resurfacing. These activities are considered to be capital in nature as they result in the construction of tangible capital assets. Thus the expenditures made for direct manpower, materials and indirect equipment costs relating to these activities are removed from operational expenditures to reflect the capital component of the assets being self-constructed. An hourly equipment rate is used to estimate the actual indirect equipment cost, including amortization, and is the basis for allocating these costs to the road construction projects. Annually, the total estimated equipment costs included in the road construction projects is compared to actual equipment costs incurred.

Note 2 (j) Non-financial Assets

(cont'd) Tangible capital assets are recorded at cost, net of asset disposals, write-downs and amortization.

The cost of tangible capital assets shown on the statement of financial position is amortized to estimated salvage value in a manner that reflects the consumption of their future economic benefits at the following rates (rates and values expressed as a percentage of original cost):

	Annual Amortization			Estimated Salvage Value
	Year 1	Year 2	Year 3 and Thereafter	
	%	%	%	%
Mobile equipment	5.00	5.00	5.00	5.00
Buildings	2.50	2.50	2.50	2.50
Engineered structures	2.50	2.50	2.50	2.50
Automotive equipment	20.00	15.00	10.00	10.00
Machinery and equip.	6.67	6.67	6.67	6.67
Electronic data processing				
- Hardware	40.00	30.00	20.00	0.00
- Software	25.00	25.00	25.00	0.00
Road infrastructure	0.25 to 10.00	0.25 to 10.00	0.25 to 10.00	30.00 to 90.00
Water/wastewater lines	2.50	2.50	2.50	0.00
Dams	2.50	2.50	2.50	0.00

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Note 3 Cash and cash equivalents

Cash includes funds held in the Consolidated Cash Investment Trust Fund of the Province of Alberta which is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high quality short-term and mid-term cashable fixed income securities with a maximum term-to-maturity of three years. As at December 31, 2014, the Board's portfolio of securities held by the Fund had an average effective yield of 1.19% per annum (2013 - 1.21% per annum).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 4 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of $110,677 (2013- $77,625), are comprised of the following:

	2014	2013
Current:		
From sale of tax recovery land and related mineral surface leases	$ 431,576	$ 352,758
Accrued interest	59,836	39,819
	491,412	392,577
Equipment rentals	213,999	-
Parks permit receivable	136,498	64,756
Oil well drilling	126,028	29,639
Leases	114,261	216,343
Accrued interest on investments	80,917	115,929
Local improvement recoveries	75,570	75,690
High speed wireless	-	39,565
Miscellaneous	146,424	228,558
	$ 1,385,109	$ 1,163,057
Non-current:		
From sale of tax recovery land and related mineral surface leases	$ 2,230,330	$ 1,587,593
Local improvement recoveries	299,300	350,164
High speed wireless	-	356,088
	$ 2,529,630	$ 2,293,845
	$ 3,914,739	$ 3,456,902

Payment for tax recovery land sold and for the sales of related mineral surface leases may be made in installments over a period not exceeding ten years. An interest rate of 6% per annum is applied to tax recovery land sales that commenced in 2004. Sales revenue is recognized when the agreement is signed and first payment is received. Title to tax recovery land sold (and related leases sold) is transferred from the Minister of Municipal Affairs to the purchaser after all payments have been received. If a purchaser defaults in payment, the agreement(s) for sale may be declared null and void and all monies received may be retained as liquidated damages.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 5 Notes Receivable

Notes receivable are comprised of the following:

	2014	2013
Current:		
Acadia Foundation	$ 2,380,774	$ 2,295,859
Acadia Foundation - accrued interest	21,931	25,617
	2,402,705	2,321,476
Neutral Hills Child Care Society	27,281	13,454
Village of Consort	-	250,000
Other	11,944	-
	$ 2,441,930	$ 2,584,930
Non-current:		
Acadia Foundation	$ 11,224,464	$ 13,605,238
Neutral Hills Child Care Society	222,719	236,546
Other	38,810	(3,531)
	$ 11,485,993	$ 13,838,253
	$ 13,927,923	$ 16,423,183

The Acadia Foundation loan is a result of the Board entering into a memorandum of understanding with the other municipal members of the Acadia Foundation to borrow on behalf of the Acadia Foundation from the Alberta Capital Finance Authority. These funds were advanced to the Acadia Foundation for the construction and renovation of the seniors lodges in Oyen, Consort and Hanna. Repayment is based on the issuance of unsecured interest bearing promissory notes of either 10 or 25 year terms with respective interest rates ranging from 3.14% to 5.00% (2013 - 3.14% to 5.00%). Semi-annual payments totaling $2,859,730 (2013 - $2,859,730) were made in June and December. Interest revenue recognized as a result of this loan in 2013 was $560,185 (2013 - $642,165).

The Neutral Hills Child Care Society note is a result of the board entering into a memorandum of understanding to advance funds to complete a new daycare building in Consort. Repayment is based on the issuance of an unsecured interest bearing note of a 15 year term at 3.00% interest.

The Village of Consort loan has been paid in full.

Principal repayments on long-term receivable are estimated as follows:

2016	2,495,252
2017	2,587,282
2018	2,617,320
2019	1,812,477
Thereafter	1,973,662
	$ 11,485,993

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 6 Due (to) from Province of Alberta

The net amount due (to) from the Province of Alberta is comprised of the following:

	2014	2013
Due from Province of Alberta:		
Transportation	$ 34,637	$ -
Municipal Affairs	175,471	195,762
Environment and Sustainable Resource Development	16,236	37,438
Agriculture and Rural Development	-	1,600
Service Alberta	572,567	66,263
	798,911	301,063
Due to Province of Alberta:		
Environment and Sustainable Resource Development	(240,779)	(335,792)
Other	(454,341)	(207,140)
	(695,120)	(542,932)
Due from (to) Province of Alberta	$ 103,791	$ (241,869)

Note 7 Taxes Receivable

	2014	2013
Current taxes	$ 1,566,309	$ 1,083,404
Over levy	272,908	(49,872)
Tax arrears	1,564,156	984,086
	3,403,373	2,017,618
Less allowance for doubtful accounts:	(2,511,851)	(1,459,241)
	$ 891,522	$ 558,377

Note 8 Deferred Provincial Grant Revenue

	2014	2013
Agriculture and Rural Development	$ 7,879	$ 49,766
Municipal Affairs	-	649,309
Transportation	-	192,991
	$ 7,879	$ 892,066

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 9 Long Term Debt

	2014	2013
Alberta Capital Finance Authority loan, repayable in semi-annual installments of $263,223, including fixed interest at 4.39%, due June 2018	$ 1,691,014	$ 2,128,841
Alberta Capital Finance Authority loan, repayable in semi-annual installments of $251,377, including fixed interest at 4.01%, due December 2018	1,840,984	2,257,309
Alberta Capital Finance Authority loan, repayable in semi-annual installments of $493,631, including fixed interest at 3.34%, due December 2019	4,511,150	5,327,040
Alberta Capital Finance Authority loan, repayable in semi-annual installments of $298,660, including fixed interest at 3.51%, due June 2020	2,963,756	3,444,230
Alberta Capital Finance Authority loan, repayable in semi-annual installments of $162,114, including fixed interest at 3.14%, due June 2021	1,892,965	2,151,645
Alberta Treasury Branches (ATB) demand loan, repayable in semi-annual installments at $380,000, plus monthly variable interest of ATB prime -0.25%, fully paid during the year	-	1,900,000
	12,899,869	17,209,065
Less: current portion	2,498,210	4,309,196
	$ 10,401,659	$ 12,899,869

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 9 Long Term Debt

(cont'd) Principal repayments on long-term debt in each of the next five years are estimated as follows:

2015	2,498,210
2016	2,590,558
2017	2,686,369
2018	2,522,549
2019	1,837,219
Thereafter	764,964
	$ 12,899,869

Interest on long-term debt for 2014 amounted to $569,034 (2013 - $677,933).

The total cash payments for interest in 2014 were $575,138 (2013 - $682,526).

Note 10 Provision for Gravel Pit Reclamation

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the *Environmental Protection and Enhancement Act.*

The estimated liability is based on the total cubic meters of exposed gravel pits multiplied by the price per cubic meter to reclaim the sites.

In 2014 it was estimated that 860,664 cubic meters (2013 - 846,130 cubic meters) of gravel pits were exposed at an approximate cost for reclamation of $2.80 per cubic meter (2013 - $2.85 per cubic meter), for a total liability of $2,411,000 (2013 - $2,411,000).

There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

Reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 11 Inventory

	2014			2013
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	$ 1,539,328	$ 15,393	$ 1,523,935	$ 1,393,340
Gravel	4,465,065	-	4,465,065	4,769,720
Culverts	94,382	-	94,382	57,553
Fuel	136,258	-	136,258	123,003
Fencing	64,967	-	64,967	139,327
Chemicals and other	35,669	-	35,669	46,565
Inventory	$ 6,335,669	$ 15,393	$ 6,320,276	$ 6,529,508

Note 12 Accumulated Surplus

Accumulated Surplus consists of equity in tangible capital assets, unrestricted amounts and internally restricted as follows:

	2014	2013
Equity in tangible capital assets	$211,240,802	$200,190,324
Equity in inventory	6,320,276	6,529,508
Unrestricted operational surplus	14,676,401	15,873,789
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales	51,107,003	48,017,676
Total Accumulated Surplus (Schedule 4)	$283,344,482	$270,611,297

The internally restricted accumulated surplus are funds that are available to meet cash flow needs but may not be used for expenditures without authorization by the Minister of Municipal Affairs.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 13 Budget

The 2014 municipal budget was adopted by the Board and approved by the Minister of Municipal Affairs in January 2014. The budget was prepared on a cash basis. A reconciliation to that basis is as follows:

	2014		2013
	Budgeted	Actual	Actual
Excess of revenues over expenses	$ 12,117,095	$ 12,733,185	$ 19,636,378
Acquisition of tangible capital assets	(10,786,424)	(12,231,090)	(11,923,832)
Construction of road and road surfaces	(9,000,000)	(5,155,804)	(14,261,549)
Net transfers to capital	(764,000)	(1,900,000)	(760,000)
Loss on sale of tangible capital assets	100,000	29,415	151,892
Proceeds on disposal of tangible capital assets	500,800	602,000	1,905,560
Amortization of tangible capital assets	6,202,078	7,605,001	6,786,230
	(1,630,451)	1,682,707	1,534,679
Tax Recovery Land Sales - transferred from operations	(1,500,000)	(3,089,327)	(1,857,911)
(Deficit)	$ (3,130,451)	$ (1,406,620)	$ (323,232)

Note 14 Requisitions

	2014	2013
Alberta School Foundation Fund	$ 12,292,167	$ 12,641,457
Seniors Foundation	4,186,342	4,167,853
	$ 16,478,509	$ 16,809,310

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 15 Leases

	2014	2013
Mineral surface leases	$ 3,413,959	$ 3,450,809
Equipment rentals	2,003,560	560,049
Grazing leases	1,545,731	1,569,115
Community pastures	631,582	603,389
Cultivation leases	417,668	402,583
Easements	136,588	497,806
Other	326,566	413,606
	$ 8,475,654	$ 7,497,357

Note 16 Government Transfers

	2014	2013
Transfers for operating:		
Municipal Affairs	$ 2,763,000	$ 3,112,368
Transportation	1,744,711	1,553,756
Agriculture and Rural Development	1,190,691	665,017
Human Services	147,443	147,443
Infrastructure	142,608	131,055
Tourism, Parks and Recreation	-	4,000
	$ 5,988,453	$ 5,613,639
Transfers for capital:		
Municipal Affairs	$ 1,756,668	$ 2,306,094

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 17 Contributed assets

Assets transferred were as followed:

	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Tangible Capital Assets:				
Electronic data processing - Hardware	$ -	$ -	$ -	$ 31,885
Automotive equipment	-	-	-	25,372
	$ -	$ -	$ -	$ 57,257

In management's opinion, the calculated NBV approximates fair value.

Note 18 Total Expenses

Total expenses for the year is analyzed by object as follows:

	2014	2013
Manpower (Schedule 2)	$ 16,314,821	$ 14,800,883
Materials, goods, and utilities	13,339,246	11,566,940
Amortization of tangible capital assets	7,605,001	6,786,230
Contract and general services	7,361,884	8,316,110
Grants	1,711,638	1,712,837
Provision for doubtful accounts	1,094,340	650,811
Industrial tax transfers	580,000	580,000
Interest on long-term debt	569,034	677,933
Goods and services from Alberta Government departments		
Alberta Treasury Board & Finance		
Risk Management	252,040	160,180
Investment fees	20,561	23,731
Alberta Municipal Affairs		
Linear assessment	141,541	140,892
Government Services	27,586	26,639
Loss on sale of tangible capital assets	29,415	151,892
Less:		
Internal road projects capitalized in the year	(5,155,804)	(14,261,549)
	$ 43,891,303	$ 31,333,529

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 19 Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Board be disclosed as follows:

	2014	2013
Total debt limit	$ 82,301,730	$ 72,909,834
Total debt	12,899,869	17,209,065
Amount of debt limit unused	$ 69,401,861	$ 55,700,769
Debt servicing limit	$ 13,716,955	$ 12,151,639
Debt servicing	2,938,010	3,742,731
Amount of debt servicing limit unused	$ 10,778,945	$ 8,408,908

The debt limit is calculated at 1.5 times revenue of the Board (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitation requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Board. Rather, the financial statements must be interpreted as a whole.

Note 20 Related Party Transactions

Expenditures for goods and services are conducted in the normal course of operations with the Province of Alberta and are charged to the Board as disclosed in Note 18.

Grants provided by the Province of Alberta are disclosed in Note 16 and the amounts outstanding at the end of the year are disclosed in Note 6.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 21 Pension Plan

The Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings. The Board's contribution to the PSPP is 11.70% up to the CPP threshold of $52,500, and 16.72% thereafter. The Board's contribution to the MEPP is 21.85% up to the Salary Cap of $138,500.

Total current contributions by the Board in 2014 to the PSPP were $836,532 (2013 - $799,721) and to the MEPP were $196,496 (2013 - $151,738).

At December 31, 2013, the PSPP reported a deficit of $1,254,678,000 (2012 deficit - $1,645,141,000) and the MEPP reported a surplus of $50,457,000 (2012 deficit - $303,423,000).

Note 22 Commitments

The Board has entered into four long-term operating leases for equipment. The Board has also entered into contracts to purchase one fire truck in 2015. The future payments are as follows:

2015	$ 515,822
2016	70,082
2017	6,046
	$ 591,950

Note 23 Administration Expenses

Accommodation costs for the offices at Hanna, amounting to approximately $70,000 annually, have not been included in the expenditures of the Board. The building is owned and operated by Alberta Infrastructure and all costs are recorded as expenditures of that Ministry.

Note 24 Comparative Figures

Certain 2013 figures have been reclassified to conform to 2014 presentation.

Note 25 Approval of Financial Statements

These financial statements have been approved by the Board.

Schedule 1

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT DECEMBER 31, 2014

	2014						2013
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value
Bonds:							
Bank of Montreal	4.870%	3.900%	April 22, 2020	$ -	$ -	$ -	$ 715,167
Bank of Montreal	2.430%	2.435%	March 4, 2019	740,000	$ 750,789	$ 740,124	-
Bank of Nova Scotia	6.650%	3.290%	January 22, 2021	-	-	$ -	478,969
Bank of Nova Scotia	2.462%	2.462%	March 14, 2019	500,000	$ 507,740	$ 500,127	-
Canada Housing Trust	2.750%	1.036%	December 15, 2014	-	-	$ -	1,595,391
Canada Housing Trust	2.750%	1.130%	September 15, 2014	-	-	$ -	1,364,723
Canada Housing Trust	2.950%	3.080%	March 15, 2015	630,000	$ 632,394	$ 631,274	1,098,497
Canada Housing Trust	2.750%	1.780%	June 15, 2016	10,623,000	$ 10,873,434	$ 10,819,487	5,463,267
Canada Housing Trust	2.050%	1.590%	June 15, 2017	550,000	$ 560,731	$ 556,044	558,434
Canada Housing Trust	4.100%	2.479%	December 15, 2018	741,000	$ 814,936	$ 801,335	1,962,288
Canada Housing Trust	1.700%	1.730%	December 15, 2017	2,650,000	$ 2,678,738	$ 2,652,502	2,653,323
Canada Housing Trust	1.950%	1.629%	June 15, 2019	975,000	$ 990,862	$ 988,361	-
Canada Housing Trust	2.000%	1.681%	December 15, 2019	980,000	$ 995,623	$ 994,826	-
Canadian Imperial Bank of Commerce	4.110%	4.070%	April 30, 2020	-	-	$ -	700,031
Government of Canada	2.500%	1.760%	June 1, 2015	-	-	$ -	1,515,717
Government of Canada	3.000%	1.180%	December 1, 2015	2,286,000	$ 2,327,072	$ 2,325,597	1,355,059
Government of Canada	2.000%	1.650%	June 1, 2016	-	-	$ -	1,437,005
Government of Canada	2.750%	1.160%	September 1, 2016	-	-	$ -	189,591
Province of Ontario	2.100%	2.280%	September 8, 2018	1,000,000	$ 1,020,135	$ 994,099	992,599
Province of Ontario	3.200%	2.380%	September 8, 2016	-	-	$ -	3,541,276
Province of Ontario	2.100%	2.132%	September 8, 2019	1,000,000	$ 1,015,586	$ 998,658	-
Province of Quebec	4.500%	2.318%	December 1, 2018	3,280,000	$ 3,639,244	$ 3,580,005	1,100,688
Royal Bank of Canada	2.680%	2.040%	December 8, 2016	-	-	$ -	688,283
Royal Bank of Canada	3.040%	2.995%	July 17, 2024	780,000	$ 792,926	$ 781,541	-
TD Bank	2.447%	2.447%	April 2, 2019	800,000	$ 811,633	$ 800,240	-
				27,535,000	28,411,843	28,164,220	27,410,308
Alberta Capital Finance Authority			(15 Shares)	150	150	150	150
				$ 27,535,150	$ 28,411,993	$ 28,164,370	$ 27,410,458

Note:

The Board, as part of its operations, carries these financial instruments. It is management's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments.

Schedule 2

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014					2013	
	Number of Individuals (a)	Salary (b)	Other Cash Benefits (c)	Other Non-cash Benefits (d)	Total	Number of Individuals	Total
Chairman of the Special Areas Board	1	$ 159,592	$ 1,850	$ 10,347	$ 171,789	1	$ 167,446
Special Areas Board members	3	35,696	-	2,014	37,710	2	23,790
Director of Finance and Administration	1	129,686	2,100	37,875	169,661	1	166,273
Director of Municipal Services	1	123,562	1,850	36,440	161,852	1	151,006
Director of Properties Administration	1	126,109	1,850	36,209	164,168	1	151,918
Roads & Equipment Superintendent	1	104,233	1,850	32,134	138,217	1	131,516
Managers (e)	4	415,981	7,650	126,387	550,018	3.25	423,173
Other full time staff (f)	107.0	7,265,396	-	1,570,604	8,836,000	99.0	8,551,511
Part time and casual wage staff		5,230,254	-	551,827	5,782,081		4,881,017
Other Boards and committees		17,243	-	749	17,992		15,585
Advisory Councillors	10	45,441	-	7,025	52,466	13	60,104
Increase in vacation accrual		232,867	-	-	232,867		77,544
		$ 13,886,060	$ 17,150	$ 2,411,611	$ 16,314,821		$ 14,800,883

(a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councillors.

(b) Salary includes pensionable base pay and honoraria.

(c) Other cash benefits includes bonuses, lump sum payments and vacation payouts.

(d) Employer's share of all employee benefits and contributions or payments made on behalf of employees, managers and board members including Workers' Compensation Board, Canada Pension Plan, Employment Insurance, camp allowances, pension, health care, dental coverage, out of country medical benefits, membership fees, group life insurance, accidental death and dismemberment insurance, tuition and long and shot-term disability plan.

(e) Average salary is $103,995 and average benefits (column c & d) are $33,509 totaling $137,504 (2013 - $130,207).

(f) Average salary is $67,901 and average benefits are $14,678 totaling $82,579 (2013 - $86,379).

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY NET FINANCIAL ASSET INFORMATION SCHEDULE
AS AT DECEMBER 31, 2014

Schedule 3

	2014	2013
Change in Financial Assets		
Cash and cash equivalents	$ (114,497)	$ 796,324
Accounts receivable	457,837	(2,270,609)
Notes receivable	(2,495,260)	(1,994,535)
Due from Province of Alberta	497,848	(748,138)
Taxes receivable	333,145	464,191
	(1,320,927)	(3,752,767)
Investments	753,912	1,175,483
Decrease in Financial Assets	(567,015)	(2,577,284)
Change in Liabilities		
Accounts payable and accruals	(460,474)	1,127,212
Vacation accrual	(232,867)	(77,544)
Deferred revenues	35,714	4,156
Deferred provincial grant revenue	884,187	295,747
Deferred federal grant revenue	-	263,547
Due to Province of Alberta	(152,188)	(140,275)
	74,372	1,472,843
Long term loan	4,309,196	3,083,396
Provision for gravel pit reclamation	-	(52,000)
Decrease in Liabilities	4,383,568	4,504,239
Net increase in net financial assets	3,816,553	1,926,955
Net financial assets at the beginning of year	61,823,978	59,897,023
Net financial assets at end of year	**$ 65,640,531**	**$ 61,823,978**

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY UNRESTRICTED ACCUMULATED SURPLUS INFORMATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 4

	2014		2013
	BUDGET (Note 13)	ACTUAL	ACTUAL
Equity in capital assets at beginning of year		$ 200,190,324	$ 182,088,627
Addition of capital assets:			
Road infrastructure	9,000,000	5,155,804	14,261,549
Water and sanitation services	1,455,000	686,512	380,562
Transportation services	5,177,869	8,397,426	9,196,010
Protective services	944,800	982,074	374,337
Administrative services	2,374,100	1,474,829	854,561
Recreation and cultural services	442,155	532,608	716,679
Agriculture and community pasture services	392,500	157,641	401,683
	19,786,424	17,386,894	26,185,381
Annual amortization of capital assets		(7,605,001)	(6,786,230)
Disposal of capital assets		(631,415)	(2,057,454)
		209,340,802	199,430,324
Debt retired in the year		1,900,000	760,000
Equity in capital assets at end of year (Note 12)		$ **211,240,802**	$ **200,190,324**
Equity in inventory at beginning of year		$ 6,529,508	$ 6,243,586
Add purchases and other inventory costs		3,878,024	4,058,678
Deduct requisitions		(4,087,256)	(3,772,756)
Equity in inventory at end of year (Note 11, 12)		$ **6,320,276**	$ **6,529,508**
Accumulated operational surplus at beginning of year		$ 15,873,789	$ 16,482,941
Excess of revenues over expenses		12,733,185	19,636,378
Equity change in capital assets and inventory		(10,841,246)	(18,387,619)
		17,765,728	17,731,700
Transfers to internally restricted reserves		(3,089,327)	(1,857,911)
Accumulated operational surplus at end of year (Note 12)		$ **14,676,401**	$ **15,873,789**
Internally restricted accumulated surplus at beginning of year		$ 48,017,676	$ 46,159,765
Tax Recovery Land Sales - Transfers from operations		3,089,327	1,857,911
Internally restricted accumulated surplus at end of year (Note 12)		$ **51,107,003**	$ **48,017,676**
		$ **283,344,482**	$ **270,611,297**

Schedule 5

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SEGMENT EXPENDITURE DISCLOSURE BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014						
	Administrative Services	Protective Services	Transportation Services	Water & Sanitation Services	Agriculture & Community Development	Recreation & Cultural Services	Total
Expenditures:							
Manpower (Schedule 2)	$ 3,183,438	$ 230,320	$ 10,510,579	$ 667,649	$ 1,228,744	$ 494,091	$ 16,314,821
Materials, goods, and utilities	146,651	88,071	12,122,310	261,341	323,698	397,175	13,339,246
Contract and general services	959,824	694,091	2,788,475	2,381,251	364,972	173,271	7,361,884
Grants	130,030	-	1,500	206,544	296,407	1,077,157	1,711,638
Interest on long-term debt	525,001	-	44,033	-	-	-	569,034
Goods and services from GOA	415,133	-	272	-	26,323	-	441,728
Provision for doubtful accounts	1,094,340	-	-	-	-	-	1,094,340
Internal road projects capitalized in the year	-	-	(5,155,804)	-	-	-	(5,155,804)
Segmented expenditures per department	$ 6,454,417	$ 1,012,482	$ 20,311,365	$ 3,516,785	$ 2,240,144	$ 2,141,694	$ 35,676,887
Industrial tax transfers	580,000	-	-	-	-	-	580,000
Loss (gain) on sale of tangible capital assets	34,735	(172,463)	168,273	-	(1,130)	-	29,415
Amortization of tangible capital assets	798,960	642,549	5,733,480	236,030	96,592	97,390	7,605,001
Expenditures per statement of operations	$ 7,868,112	$ 1,482,568	$ 26,213,118	$ 3,752,815	$ 2,335,606	$ 2,239,084	$ 43,891,303
Cash Basis Reconciliation:							
Segmented expenditures per department	$ 6,454,417	$ 1,012,482	$ 20,311,365	$ 3,516,785	$ 2,240,144	$ 2,141,694	$ 35,676,887
Industrial tax transfers	580,000	-	-	-	-	-	580,000
Purchase of tangible capital assets	1,474,829	982,074	13,553,230	686,512	157,641	532,608	17,386,894
Tax recovery land sales	3,089,327	-	-	-	-	-	3,089,327
Segmented expenses per cash basis	$ 11,598,573	$ 1,994,556	$ 33,864,595	$ 4,203,297	$ 2,397,785	$ 2,674,302	$ 56,733,108
Budgeted expenditures per cash basis	$ 9,902,687	$ 2,160,901	$ 34,922,961	$ 4,742,511	$ 2,900,132	$ 2,541,014	$ 57,170,206

Note:

The Board provides a range of services to its ratepayers. For each reported segment, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in the segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 2.

Schedule 6

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF TANGIBLE CAPITAL ASSETS
AS AT DECEMBER 31, 2014

	Mobile equipment	Engineered structures	Automotive equipment	Machinery and equipment	Land	Road infrastructure	EDP equipment	2014	2013
Cost									
Balance, beginning of the year	$32,523,889	$21,619,224	$16,851,770	$4,525,288	$1,108,370	$189,796,085	$3,390,633	$269,815,259	$247,627,251
Add:									
Additions during the year	5,268,089	2,574,276	2,424,456	777,406	187,800	5,155,804	999,063	17,386,894	26,185,381
Less:									
Disposals during the year	(1,023,241)	(24,039)	(403,695)	(125,893)	-	-	(502,203)	(2,079,071)	(3,997,373)
Balance, end of the year	$36,768,737	$24,169,461	$18,872,531	$5,176,801	$1,296,170	$194,951,889	$3,887,493	$285,123,082	$269,815,259
Accumulated Amortization									
Balance, beginning of the year	$ 7,587,011	$ 6,352,972	$10,889,552	$2,383,392	$ 138,005	$ 37,875,304	$2,498,699	$ 67,724,935	$ 62,878,624
Add:									
Amortization	1,822,047	546,815	1,600,695	264,340	-	2,648,983	718,321	7,601,201	6,786,230
Depletion	-	-	-	-	3,800	-	-	3,800	-
Less:									
Accumulated Amortization on Disposals	(497,800)	(14,423)	(350,465)	(117,500)	-	-	(467,468)	(1,447,656)	(1,939,919)
Balance, end of the year	$ 8,911,258	$ 6,885,364	$12,139,782	$2,530,232	$ 141,805	$ 40,524,287	$2,749,552	$ 73,882,280	$ 67,724,935
Net book value, 2014	**$27,857,479**	**$17,284,097**	**$ 6,732,749**	**$2,646,569**	**$1,154,365**	**$154,427,602**	**$1,137,941**	**211,240,802**	**$202,090,324**
Net book value, 2013	$24,936,878	$15,266,252	$ 5,962,218	$2,141,896	$ 970,365	$151,920,781	$ 891,934	$202,090,324	

Notes:

- Engineered structures comprise of dams, water/wastewater lines, buildings and engineered structures assets. The ending balance includes $1,676,370 in assets that were under construction at year-end (2013 - $602,539); no related amortization was recorded.
- Electronic data processing (EDP) equipment comprise of hardware and software assets. The ending balance includes $790,919 in assets that were currently under development (2013- $431,909); no related amortization was recorded.

OTHER INFORMATION

Statement regarding the *Public Interest Disclosure Act*

The *Public Interest Disclosure Act* requires the Minister of Municipal Affairs to report annually on the following parts of the Act.

Section 32 of the Public Interest Disclosure (Whistleblower Protection) Act reads:

(1) Every chief officer must prepare a report annually on all disclosures that have been made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.

(2) The report under subsection (1) must include the following information:

(a) the number of disclosures received by the designated officer, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;

(b) the number of investigations commenced by the designated officer as a result of disclosures;

(c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

(3) The report under subsection (1) must be included in the annual report of the department, public entity or office of the Legislature if the annual report is made publicly available on request.

There have been no disclosures of wrongdoing received by the designated officer between April 1, 2014 and March 31, 2015 concerning the Ministry of Municipal Affairs.

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